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REPORT
OF
THE KHADI EVALUATION
COMMITTEE



MINISTRY OF COMMERCE AND INDUSTRY
FEBRUARY 1960

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PART I

THE REVIEW

CHAPTER 1

APPOINTMENT AND TERMS OF REFERENCE

At the instance of the Planning Commission and the Ministry of Commerce and Industry, the Khadi and Village Industries Commission appointed in January 1959 a Committee consisting of Dr. Gyanchand and Shri R. S. Dhotre "to undertake the assessment, appraisal and evaluation of the progress made in the implementation of its programme regarding development of Khadi (including Ambar Programme) industry so far undertaken by the Commission in the various parts of the country" (vide the Commission's resolution No. 303 of January 8, 1959, as amended by its resolution No. 323 of February 9, 1959, reproduced as Appendix 1). In February 1959, the Ministry of Commerce and Industry appointed this Committee as its working group for Khadi and Ambar Programmes (vide its memorandum No. 25(65)/58-VIC/KVI of February 11, 1959, reproduced as Appendix 2). The working group consisted of the following :

Dr. Gyanchand	<i>Chairman</i>
Shri R. S. Dhotre	<i>Member</i>
Dr. J. D. Sundram	<i>Joint Secretary</i>
Shri K. P. Parameshwaran	<i>Joint Secretary</i>

2. The terms of reference prescribed by the Ministry of Commerce and Industry to the working group were :

- (i) provision made and the actual expenditure in the first three years and the main items on which the expenditure has been incurred;
- (ii)
 - (a) increase in production/levels of development and employment achieved as a result of the outlay;
 - (b) improvements achieved in techniques of production and quality of products;
 - (c) increase in the earnings of artisans;
 - (d) number of persons trained and the number of trained persons absorbed in the industry;
 - (e) increase in exports of products or diminution in imports of corresponding products;
- (iii) improvements in administrative and organizational set up for the efficient implementation of the programme, with special reference to the progress of industrial cooperatives;
- (iv) short-falls in expenditure, if any, below the provisions made and the reasons therefor;
- (v) short-falls in production/development, if any, below the targets or levels of development envisaged and the factors accounting for the same;

- (vi) a general appraisal of the extent to which the results achieved have been commensurate with the outlay, with particular reference to the cases in which the results have been poor or disappointing. (The appraisal should include an examination of the extent to which the industry has been stabilised and thus enabled to reduce its dependence on subsidies, Government-assisted marketing, Government finance and other forms of Government assistance);
- (vii) an assessment of the extent to which the short-falls in (iv) and (v) above were due to temporary causes or special difficulties of an unavoidable character and how far they are due to the basic weaknesses of the programmes or limiting conditions of a durable character;
- (viii) lessons of experience for the Third Five Year Plan.

3. The Commission had suggested the following additional items (vide schedule "E" to its resolution No. 303 of January 8, 1959):

- (i) assessment of the number of families who have taken to habitual wearing of Khadi to the exclusion of any other cloth;
- (ii) assessment of the percentage of local consumption of Khadi to the total production in the production centres;
- (iii) to what extent the industry has helped in solving unemployment and under-employment in the area of production;
- (iv) how many villages wherein Khadi production is going on have taken to the principle of self-sufficiency in respect of cloth and to what percentage of their total needs in cloth have they achieved it;
- (v) how many families have taken to spinning as a full-time occupation;
- (vi) how many agriculturist's families have taken to Khadi spinning and what is the percentage of the income from spinning to their total income;
- (vii) how many villages have taken to hand-spinning newly after the formation of the All India Khadi and Village Industries Board, *i.e.* after February, 1953.

4. In consultation with the Chairman of the Commission, we decided to visit the major Khadi institutions in all States to obtain information on the qualitative aspects of Khadi work in the country. Between March 11 and July 12, 1959, we visited all States and held discussions with the representatives of the Khadi institutions, old and new, large and small, representatives of State Boards, of State Governments and, wherever possible, of cooperative societies and Intensive Areas (vide Appendix 3). We also had the benefit of the views of the Chairman and members of the Khadi Commission, of the Khadi

Gramodyog Samiti of the Sarva Seva Sangh, and of a number of constructive workers of high standing. To acquaint ourselves with the administrative, financial and other procedures, we had detailed discussions with the officers and members of the staff of the Commission. We also had the benefit of discussions with Shri Krishnadas Gandhi, the Secretary of the Prayog Samiti, Sarva Seva Sangh, Dr. Subramaniam of A'FIRA, Ahmedabad, and Dr. M. S. Rao, Dy. Director, Research Institute, Wardha. The schedule of the Committee's visits to different institutions and other bodies is given in Appendix 3.

Acknowledgements

5. We wish to place on record our sense of indebtedness and appreciation of the assistance that we received from the Chairman and members of the Khadi Commission, the Chairmen and members of State Boards, the representatives of the certified Khadi institutions and outstanding constructive workers, Directors of Industries, Registrars of Cooperative Societies and Development Commissioners in discussing the points at issue and their clarification.

6. We have also to express our appreciation of the work of the Economic Research Section of the Khadi Commission, which, in spite of its many handicaps to which we refer later in our report, assisted us in processing the material for our report.

7. Dr. Sundram, Director of the Section and our Joint Secretary, has had to bear the main burden of collecting and processing the material and preparing first draft of Part I of the report. He has had to work under great pressure and at considerable inconvenience to himself. We owe him our earnest thanks for it.

8. Mr. Parameshwaran, our second Joint Secretary, has been as helpful as he could be, but unfortunately owing to causes not of his making, his assistance was available to us only intermittently, and his other preoccupations made it impossible for him to do more than he has done for us. We are also however obliged to him for his willingness to do his best in spite of these limitations.

9. We are keenly aware of the fact that the preparation and completion of the report has been unduly delayed for which we have to express our sincere regret. This regret would have been ever so much more disturbing for us if the Committee had been in any way responsible for it. This was due to circumstances beyond its control. In spite of our best efforts we could not get our work done more expeditiously and in time.

CHAPTER 2

KHADI IN THEORY AND PRACTICE

Before we state, analyse and examine the present position it is necessary to give a brief account of the evolution of Khadi, in theory and practice, in order to indicate the bearing of conceptual development of Khadi and practical experience. Since Khadi was introduced by Mahatma Gandhi as an important factor for the remaking of our economy, the paramount object of Khadi has been to provide work for the millions of unemployed and under-employed workers in rural areas; but from the very beginning, the social objectives of Khadi have been taken to be an essential part of its contribution to the reduction and, if possible, the elimination of unemployment. Not only in the production and distribution of Khadi self-less work of a high order has been the basis of Khadi programme, but its purpose has been and still is :

- (i) to establish personal relations between Khadi workers, on the one hand, and the spinners, weavers and the other artisans, on the other;
- (ii) to make Khadi an instrument of production on a co-operative basis and make it as far as possible self-initiated and self-directed;
- (iii) to make production for use rather than for sale the primary object of Khadi programme;
- (iv) to make Khadi an instrument for developing and transforming the whole economy on the basis of equity, justice and freedom;
- (v) to introduce and establish the primacy of social values, as distinguished from money values, in the operation of the economy, and make money values and monetary mechanism a means for realising social values and not to take them as an autonomous force in itself; and
- (vi) to make continuous improvement in technique an essential part of the implementation of the programme and basis for its development.

These objectives have been implicit in Khadi ever since it was introduced; but, relatively speaking, they have been emphasised in varying degrees in different stages of Khadi programme, and have been clarified by actual experience and the processes brought into play in the execution of the programme.

Phase I

1920—25

2. Khadi, as is well-known, was introduced in 1920 primarily with a political intent to make the boycott of foreign goods in general and cloth in particular effective and provide an opportunity to every man, woman and child for self-discipline and self-sacrifice as a part of the non-cooperation movement.¹ This object was, however, linked to the necessity of finding work for spinners and weavers as a measure of relief from the evil of wide-spread unemployment and promotion for self-use and provision for research and experiment in order to raise the standard of efficiency.² In May 1922, the need was felt to set up a separate department for administration and development of Khadi,³ and in December 1923, an All India Khadi Board, with branches in all States, was constituted to create an organization for coordinated development of the programme.⁴ These boards were, however, an integral part of the Congress organization and worked under its direction and supervision.⁵

Phase II

1925—35

3. In 1925, an important step was taken in creating an independent organization closely associated with All India Congress but completely autonomous in its work.⁶ This organization was known as the All India Spinners' Association or the Akhil Bharat Charkha Sangh. The A.I.S.A., till 1935, concentrated its activity on propagation, production and sale of Khadi. Production for sale in towns and cities gained importance, and deliberate effort was made to adapt production to the requirements and tastes of people in urban areas.⁷ The technique of carding, spinning, weaving, dyeing and printing was considerably improved, and new varieties of Khadi were placed on the market.⁸ In 1933, 10 million sq. yds. of cloth were produced, and partial employment provided was estimated at 2 lakh persons.⁹ Considerable expansion of demand, which took place, led to the production of spurious Khadi, and steps had to be taken to counteract this unwholesome practice.¹⁰

1. Sitaramayya, Pattabhi, *The History of the Congress*, 1935, Congress Working Committee, Allahabad, p. 383.

The Resolution 2 of the All India Congress Committee in its Nagpur Session, December 1920, reproduced as Appendix 4.

2. Gandhi M. K., *Khadi—Why and How*, 1955, Navajivan Publishing House, pp. 3-4.

3. Jaju S. K., *The History of the All India Spinners Association (Hindi)* (1950), A.I.S.A., Sevagram, pp. 91-92.

4. *Ibid*, p. 96.

5. *Ibid*, p. 97.

6. *Ibid*, p. 104.

7. Jaju S. K., *A.I.S.A. and Its Work*, (English), A.I.S.A., Wardha, pp. 12-13.

8. *Ibid*, (Hindi), pp. 154, 158, 167.

9. *Ibid*, p. 167.

10. *Ibid*, pp. 160-161.

4. Gandhiji, however, continued to invite the attention of Khadi workers and Congress to the basic objectives of Khadi, and impressed upon them the necessity of concentrating "upon the village Khadi, its style and durability to suit the taste of the villagers,"¹¹ and create a better and more real bond between ginners, carders, spinners and weavers, on the one hand, and Khadi workers, on the other.¹² He emphasised that "Khadi can be permanent only when it has obtained a permanent footing as a village wear."¹³

5. The social objectives of Khadi were not completely lost sight of in practice, but receded to the background. Production for sale in towns and cities became the main pre-occupation of Khadi workers, and the need for establishing close and vital relations with artisans did not receive its due attention. There was, however, as stated above, considerable expansion of production; technique was improved, new varieties of goods were put on the market and an atmosphere favourable for development was created.

Phase III

1935—44

6. In the next two phases, the social objectives became the primary object of consideration and thought and, to a certain extent, were applied in practice. Mahatma Gandhi in his Harijan tour of 1934 vividly realised that spinners received very poor wages and were really sweated in the interest of the urban consumer.¹⁴ He, therefore, pointedly raised the issue of giving them what he called a "living wage". He clearly stated that the spinner's family had to have the means for sustenance at a minimum level, *i.e.* minimum for maintenance of health of the family, and the rates of wages have to be high enough to make it possible to earn this income for a full day's work.¹⁵ His view was that, under the then existing circumstances, 8 annas per day of 8 hours would be needed to meet the spinner's minimum requirements.¹⁶ He also deprecated the practice of paying different wages in different parts of the country, and argued that the time had come for the Charkha Sangh to equalise and also to stabilise the price of all labour regulated by it.¹⁷ Though Khadi workers admitted that Mahatma Gandhi's views were pre-eminently fair and ought to be the basis of Khadi programme, they had very serious misgivings in regard to their practicability.¹⁸ Mahatma Gandhi, however, continued to adhere to the view that Charkha Sangh was a spinners' association and should be the true

11. Gandhi M. K., *Economics of Khadi*, 1941 Navajivan Press, Ahmedabad, p. 418.

12. *Ibid.*

13. *Ibid.*

14. Gandhi M. K., *Khadi—Why and How*, (1959), Navajivan Publishing House, Ahmedabad, p. 109.

15. *Ibid.*, p. 110.

16. *Ibid.*, p. 111.

17. *Ibid.* p. 108.

18. *Ibid.* pp. 120-121.

representative of their interests. "It is time", he said, "we begin to think of their needs, their hours of work and leisure and their standard of living".¹⁹

7. This emphasis had the desired effect and, by 1935, the need for action to realise this object was widely appreciated. The Council of the A.I.S.A. met at Maganwadi in September 1935 to discuss this subject and passed a resolution defining the new policy and the new objectives.²⁰ They expressed the view that wages then paid for spinning were inadequate and had to be raised to a suitable level "so that spinners may at least receive a minimum wage calculated on the basis of 8 hours of efficient work, sufficient at least to procure clothing (20 yards per year) and maintenance in accordance with the scientifically prescribed scales of food requirements".²¹ All concerned, they stated, should try as circumstances permit for progressive rise in wage scales so as to reach a standard, enabling each spinning family to be properly maintained out of the earnings of its working members.

8. They also issued instructions to the workers to realise the fundamental importance of paying fair wages to the spinners and working steadily for its realisation. The Council formulated a series of instructions for the general guidance of the workers.²² Their main points were :

- ✓ (i) every home in India had to be self-sufficient with reference to its clothing requirements and welfare of the spinners engaged in different processes, beginning with growing cotton and ending with weaving of Khadi, had to be a matter of primary importance;
- ✓ (ii) production had to be restricted within local areas, commencing with immediate neighbourhood and never extending beyond their States, except in a very few cases;
- ✓ (iii) artisans had to use Khadi for their own clothing requirements to the exclusion of every other kind of cloth;
- ✓ (iv) unmarketable surplus had to be avoided by restricting the operation of sales to the spinners who derive their livelihood from spinning;
- ✓ (v) overlapping and undue competition had to be avoided by defining the area of production of each organization;
- ✓ (vi) as a necessary corollary of self-sufficiency in production, production of Khadi for meeting the demands of cities was to be regarded as the secondary or supplementary operation and, therefore, to be necessarily restricted in its scope and importance.

Gandhi M. K. *Economics of Khadi*, (1941). Navajivan Press. Ahmedabad, p. 467.

20. Gandhi M. K., *Khadi: Why and How*, (1959), Navajivan Publishing House, Ahmedabad, p. 122, Resolution reproduced as Appendix 5.

21. *Ibid*, p. 122.

22. *Ibid*, pp. 123-124.

9. These instructions led to prolonged consultation and in September 1938, it was decided to introduce uniform wage chart for spinners, taking 3 as. per day as the standard wage.²³ Owing to the shortages created by the War, there was inevitable shortage of mill cloth and sale of Khadi received an impetus on that account, and its production increased from 1.09 crore sq. yds. in 1939 to 2.16 crore sq. yds. in 1942²⁴; and the price differential between the mill cloth and Khadi was considerably reduced.²⁵ The political events of 1942, however, caused a break in the expansion of Khadi; and there was very considerable shrinkage both in production and sale, owing to serious disorganization caused by the 1942 upheaval.²⁶

10. Besides the payment of standard wages, Mahatma Gandhi stressed the importance of other social objectives. Among them, the following have to be mentioned: (i) self-sufficiency;²⁷ (ii) decentralisation of production and consumption;²⁸ (iii) establishment of what Mahatma Gandhi called personal touch with the workers in order to befriend the latter and bring all round improvement in their economic conditions;²⁹ (iv) cultivation of cotton practically in every village, without which Khadi, according to Gandhiji, could never succeed.³⁰

11. Though the fundamental importance of these points had been accepted all through, these were specially stressed during the later part of this period and were intended to be the basis of the entire Khadi programme.

Phase IV

1944—53

12. In the next and the last phase of Khadi, social significance and importance of Khadi received a new and fresh emphasis; and Mahatma Gandhi, as a result of what he called “penitential thinking”, came to very important conclusions and placed, before the Conference of workers convened in September 1944, his views on the position and future of Khadi. He was of the view that Khadi, in spite of self-less work and sacrifice of many, had failed to achieve its object; and there was all round frustration among Khadi workers, spinners, artisans and general disbelief in the ability of Khadi to solve any of our fundamental problems.³¹ The central theme of his new approach, which he impressed with great earnestness upon the workers, was that Khadi

23. Jaju S. K., *The History of the A.I.S.A.* (Hindi), p. 179.

24. *Ibid.*, p. 254.

25. *Ibid.*, p. 196.

26. *Ibid.*, p. 199.

27. Gandhi M. K., *Khadi—Why and How*, (1959), Navajivan Publishing House, Ahmedabad, p. 135.

28. *Ibid.*, p. 136.

29. Gandhi M. K., *Economics of Khadi*, (1941), Navajivan Press, pp. 484-485.

30. Gandhi M. K., *Economics of Khadi*, (1941), Navajivan Press, p. 453.

31. Gandhi M. K., *Khadi—Why and How*, (1959), Navajivan Publishing House, pp. 148-157.

could begin "to have permanent effect only when carried out as a part and parcel of the wider programme of non-violent village uplift or village reconstruction".³² This he called Samagra Seva which, in substance, can be taken to mean as work for reorganization of the entire rural economy on a new basis. He stated that Khadi, by itself, could not possibly bring about the change which was so urgently needed and, therefore, had to be made a part of the development of village industries and also of agriculture, animal husbandry and other rural activities.³³ This point, which had been a part of the Khadi programme, had been really, according to him, neglected in practice, and had to be made the very core of Khadi programme. Without it, Khadi work would, according to him, not only be inadequate but largely futile.³⁴

13. Only by revising the entire economic life of the village, in the words of Mahatma Gandhi, "can our (Khadi) work become permanent. If we merely go on sending to Bombay the Khadi produced in the villages, the object can never be accomplished, however high a wage we may pay to the village spinners".³⁵ "Today", he stated, "our main concern should be to lay the foundation for this (Khadi) work as deep as possible"³⁶ and not merely be satisfied with production of Khadi and sale of Khadi itself." "In case we do not do it", he very emphatically pointed out, "we shall be betraying ourselves and the world".³⁷

14. The need for a new approach, based upon fundamental changes in the whole economy as a necessary condition for fruitful Khadi work, could not have been more clearly or emphatically stated. Taking this point as the cardinal point, he again emphasised the need for (i) self-sufficiency; (ii) decentralisation of production and consumption; (iii) self-reliance;³⁸ (iv) close personal contact of the workers with artisans and villagers, and mutual confidence;³⁹ (v) cultivation of cotton in

32. *Ibid*, p. 176.

33. *Ibid*, pp. 173-174.

34. *Ibid*, p. 174.

35. *Ibid*, p. 179.

36. *Ibid*, p. 177.

37. *Ibid*, p. 177.

38. "What I gave to the people was money but not the real substance—self-reliance. I gave them money in the form of wages and assured them that it contained Swaraj. People took me at my word and believed me and continue to believe me. But I have now my own misgivings as to how far such Khadi can lead to Swaraj. I am afraid that Khadi has no future, if we continue it as today". *Ibid*, p. 183.

"The task of making the *Charkha*, which for centuries had been a symbol of poverty, helplessness, injustice and forced labour, the symbol now of mighty non-violent strength of the new social order and of the new economy, has fallen on our shoulders. We have to change history. And I want to do it through you". *Ibid*, p. 155.

39. (i) "What we do today is to go to the villagers with a money bag like bankers and promise four or six annas for spinning. Instead, we should enter into the life of the villagers. The workers and the villagers would freely lay bare their hearts before each other. We would raise the wage of the (woman) spinner. I would pay her as much as to a man. But I would tell her clearly that I am not interested in her spinning merely for wage. I would ask her to spin for herself. I would promise to get her yarn woven, her children educated and trained in one craft or another. I would enquire into her budget and promise every assistance. I would try and relieve her of her woes". *Ibid*, p. 186.

every village; (vi) production of Khadi without any subsidy from Government, and its sale in local markets and to the people in the villages; (vii) Government assistance to be confined to education, technical research and technical guidance;⁴⁰ (viii) formation of cooperative societies as units of production and sales of Khadi; and (ix) sale of Khadi outside the neighbourhood or State, *i.e.*, in distant markets, only in consultation with the Central Office.

15. These points were really the reiteration of old points, but were put forward with new understanding and new fervour; and in the context of the new approach acquired a wider meaning and deeper significance. Mahatma Gandhi realised that Khadi work, from this point of view, had been a failure; and he stated that he had to retrace his steps. "As the founder of Khadi", he said, "I must not grudge doing so. That is the call of truth. I retrace my steps consciously and intelligently, and not in a mood of defeatism or cowardice".⁴¹

16. Towards the end of 1946, the A.I.S.A. formulated certain basic principles for Khadi work and passed a resolution incorporating principles of the future development and the village economy.⁴² The main points of the resolution were :

- (i) introduction of hand-spinning and weaving in schools;
- (ii) organization of multi-purpose cooperative societies with Khadi as their centre;
- (iii) organization of cotton cultivation within easy access of hand-spinners;
- (iv) research and training of Khadi workers;
- (v) making training in Khadi of all development officers in cooperative, education and agriculture departments as an essential condition for their recruitment;

(ii) "Even Government records show that there is a place for the spinning wheel as a means of relief, like stone-breaking, road-making, etc. You also can establish this much that Khadi has an invariable place as a relief measure. But what we are required to prove, above all, is the necessity for Khadi for establishing a strong, non-violent village economy." *Ibid*, p. 189.

(iii) "We have not yet reached the seven hundred thousand villages. We have done only one per cent of what the mills have done. Then what is there to be proud of? That is why I say that, if we are not prepared to change our methods, we shall be reduced to a mere philanthropic institution. If, on the other hand, we want to uphold our claim for Khadi, we shall have to live up to it. We should not deceive the public. We must think out ways and means of increasing our strength. If in seeking to change our mode of work you agree that it would be well to close the A.I.S.A. in its present form, rest assured that it would add to your strength." *Ibid*, p. 153.

40. We must carry on untiring research on the *Charkha*. No doubt we have suffered a lot for the *Charkha* and made some improvements in it. We have also manufactured scores of *Charkhas*, but now we have to produce an expert in research (Shastri), who is well-versed in the manufacture of machines. We would like him to devise such *Charkhas* as can yield more and better quality of yarn..... We must make scientific experiments, and declare from the house-tops the results of our experiments. *Ibid*, p. 151.

41. *Ibid*, p. 185.

42. *Op. Cirt.* (Hindi) p. 219. Reproduced as Appendix 7.

- ✓ (vi) price control of handloom cloth;
- ✓ (vii) restriction of purchases of textiles;
- ✓ (viii) introduction of hand-weaving and hand-spinning in prisons;
- ✓ (ix) exclusion of mill cloth and mill-spun yarn from areas where self-sufficiency is attained;
- ✓ (x) ceiling on productive capacity of the mills at the then existing level of production and denial of licences for starting new mills; and
- ✓ (xi) complete ban on imports of foreign yarn and cloth.

17. This brief review points to the conclusion that the spirit of Khadi was always taken to be the very essence of Khadi and the concrete forms, in which it expresses itself, as secondary in its significance. These views, as stated in a later chapter, have not only not been discarded, but repeatedly reaffirmed in the enunciation of policies and formulation of programmes; and now, when the whole position is undergoing re-examination, they are again causing a ferment of ideas and creating a sense of urgency for making Khadi an integral part of the earnest effort to establish and develop a new social order. This process, as stated later, is clearly at work, and the forces that have created it, can be traced back to the very early beginnings of Khadi in this country. This brief review provides a background and the standards by which the work that is now being done, has to be assessed, evaluated and adjudged. The evaluation, at this crucial hour, has necessarily to be the basis for stock-taking and formulation of the programme for the Third Five Year Plan.

CHAPTER 3

APPOINTMENT OF THE COMMISSION AND EVOLUTION OF POLICIES

In its discussions with the Planning Commission prior to the formulation of the *First Five Year Plan*, the All India Spinners' Association stipulated that the development programmes for Khadi and Village Industries should be implemented only by an independent and autonomous agency, composed of workers with experience in the field of Khadi and Village Industries and free from the normal routine and procedures of Government machinery.¹ The Planning Commission generally agreed with this view and in their *First Five Year Plan* observed that "while organization in the village provides the base, the development of village industries requires drive and direction from the Central and State Governments. The primary responsibility for carrying out programmes for village industries rests with State Governments, but in many aspects the framework within which they can execute programmes for individual village industries is set by the policies followed by the Central Government. In the Central Government, there is, therefore, need for an organization which will give close attention to the problems of village industries and help to create favourable conditions for action by State Governments, constructive organizations and village cooperatives. In view of the growing importance of the problem of employment, the Central Government must now give the same attention to village and small-scale industries as it has undertaken, in view of the shortage of food and raw materials, to give to agriculture."² In addition to experienced workers in the field of Khadi and Village Industries, the Planning Commission suggested the association of "a few representatives of the Central Government" in the central organization.³

2. Accepting the recommendations of the Planning Commission, the Government of India, by its resolution No. 45-Cot.Ind(5)/52 of January 14, 1953 (Appendix 8), set up the All India Khadi and Village Industries Board in January 1953. At its first meeting, the Board elected its Member Secretary and co-opted two other members. The Board at first consisted of 16 members, including the Chairman and the Secretary. Between 1954 and 1956, five members of the Board resigned, and at the end of March 31, 1956 the Board consisted of only 11 members.

3. The functions of the Board, as defined by the Government Resolution appointing it, were "preparing and organizing programmes for the production and development of Khadi and Village Industries,

1. *Five Year Khadi Plan* All India Spinners' Association, (1952) p. 9.

2. *The First Five Year Plan*, Planning Commission (1953) p. 316.

3. *Ibid*, p. 317.

including training of personnel, manufacture and supply of equipment, supply of raw materials, marketing and research and study of the economic problems of different village industries". The Board was to "function as a clearing house of information and experience relating to these industries" and to "work in close cooperation with the State Governments and the All India Spinners' Association".⁴

Status of the Board

4. The All India Spinners' Association had insisted right from the beginning that the All-India Board should be an independent and autonomous body. The then Union Minister for Commerce and Industry had assured the Chairman-designate that, though the Board that would be set up would be advisory in form, the intention of the Government was "that a convention should be established that the Board would be *de facto* autonomous".⁵

5. Almost from the beginning, however, the Board found itself handicapped by the procedural requirements of the Governmental machinery. Barely four months after its appointment, the Board pointed out to Government its difficulties in implementing its programmes by its resolution, which *inter-alia* said "almost at every stage the Board finds itself handicapped by the lack of timely financial arrangements with the result that the Khadi production programme for the current year has been upset and the targets indicated in the Five Year Plan cannot be attained. If these conditions continue, it becomes next to impossible for the Board to function smoothly, much less effectively".⁶ In another resolution passed the same year, the Board explained that "delays in sanctions had prevented the Board from making a start with some of the schemes whereas for others it had been possible to make only a nominal start. The non-utilisation of sanctions was likely to create a wrong impression on the public mind and the Board trusted that the future arrangements would be so devised by the Government of India as to save the Board from such undeserved criticism".⁷ As a result of these representations, the Government of India decided to set up a Statutory Commission and introduced in April 1955 a draft Bill for the purpose.

6. The statement of objectives and reasons of the draft bill succinctly summarized the problems faced by the Board: "With a view to promoting and developing Khadi and Village Industries, the Central Government constituted a Board called the All India Khadi and Village Industries Board and vested it with powers to prepare and organise programmes for the production and development of Khadi and Village Industries and to deal with other matters incidental thereto. It has, however, been found in actual practice that the work of the Board

4. Government of India Resolution No. 45-Cot. Ind.(5)/52 of January 14, 1953, Paras 7 and 5.

5. Quoted in the Board's *Annual Report* 1953-54, p. 25.

6. *Ibid*, p. 39.

7. *Ibid*, p. 66.

has been hampered by certain procedural and financial difficulties, difficulties which would be removed if a Commission were set up by law. It is, therefore, proposed to set up a Commission, called the All India Khadi and Village Industries Commission which will be vested with powers, executive as well as administrative, for the proper development of Khadi and Village Industries. The Bill also provides for the All India Khadi and Village Industries Board functioning as an advisory body which will advise the Commission generally in the discharge of all its duties".⁸

The Commission

7. The Khadi and Village Industries Commission Act (Act No. LXI of 1956) was passed by Parliament in 1956 and the Commission was set up on April 1, 1957. With one exception, the members of the Commission appointed by the Government of India were the members of the executive Committee of the former Board.

Functions

8. The functions of the Commission prescribed by the Khadi and Village Industries Commission Act were "generally to plan, organize and implement programmes for the development of Khadi and Village Industries" and, in particular:

- “(a) to plan and organize the training of persons engaged in the production of Khadi and Village Industries;
- (b) to build up a reserve of raw materials and implements and to supply them to persons engaged in the production of Khadi or Village Industries at such economical rates as may be suitable in the opinion of the Commission;
- (c) to provide for the sale and marketing of Khadi or of products of Village Industries;
- (d) to encourage and promote research in the technique of production of Khadi or in the development of village industries or to provide facilities for a study of the problems relating to Khadi or Village Industries;
- (e) to maintain or assist in the maintenance of institutions for the development of Khadi or Village Industries;
- (f) to undertake, assist or encourage the production of Khadi or the development of Village Industries;
- (g) to promote and encourage cooperative efforts among manufacturers of Khadi and persons engaged in Village Industries;
- (h) for ensuring the genuineness of, and for granting certificates to producers of, or dealers in, Khadi or the products of any Village Industry;
- (i) to carry out any other matter which may be prescribed.”⁹

8. Draft Khadi and Village Industries Commission Bill, quoted in the Board's *Annual Report* 1954-55, p. 200.

9. Khadi and Village Industries Commission Act, 1956, Chapter III.

9. In the discharge of these functions, the Commission is assisted by a reconstituted Khadi and Village Industries Board, which consists of "a Chairman and such number of other members as the Central Government may think fit, chosen from among persons who, in the opinion of the Central Government, are qualified as having had experience, and shown capacity, in matters relating to the development of Khadi and Village Industries. The Commission shall ordinarily consult the Board with respect to the discharge of its functions under this Act".¹⁰ The Commission is thus the executive agency of the Khadi and Village Industries Board.

Organisation

10. At the time of its appointment, the organisational machinery available to the All India Khadi and Village Industries Board consisted of the All India Spinners' Association, its branches and its affiliated and certified institutions. Consequently, at the first meeting the Board decided to entrust the work of organisation and development of Khadi and Village Industries to the All India Spinners' Association and its affiliated bodies, which were mostly institutions registered under the Registration of Societies Act of 1860 or cooperative societies or public trusts certified by it.¹¹ Soon after the formation of the Board, however, the All India Spinners' Association decided to merge with the Akhil Bharat Sarva Seva Sangh and withdraw from active field work of production and marketing of Khadi, except in the South.¹² It did not withdraw from the South because the experiment it had initiated there to assess the scope for entrusting Khadi and Village Industries to Gramodaya Sanghs was in progress, and it desired its continuation and expansion, if necessary.

11. The merger of the All India Spinners' Association with the Sarva Seva Sangh resulted in the transfer of all other agencies recognised by it to the Board. Among the tasks the Board had to undertake as a result, the most important was the issue of certificates to institutions that worked in conformity with the Certification Rules framed by the All India Spinners' Association. To ensure faithful adherences to those rules and also obtain periodically its advice and guidance in this work, the Board appointed an autonomous Certification Committee with its head-office at Lucknow.

12. The Certification Committee had to satisfy itself that the cloth produced by the institutions was genuine hand-spun, hand-woven cloth, that the wages paid to different groups of artisans were according to the prescribed rates, that prices of khadi were fixed according to the prescribed rates and that satisfactory arrangements were made for the

10. *Ibid.* Chapter II.

11. *Annual Report 1953-54*, p. 24.

12. *Ibid.*, p. 70.

disposal of surplus profits. The Certification Committee was also required to demarcate the areas of operation of different institutions in order to obviate any unhealthy rivalry. In brief: the Certification Committee was the custodian of the basic values for which Khadi stood.

13. Under the Plan for Khadi development, the Board, besides exercising the functions of assistance, guidance and direction in its relations with the existing institutions, had to organise and conduct, if necessary, new production centres. Owing to the withdrawal of the All India Spinners' Association from active work and the absence of any other agency to continue it, the Board had to shoulder the responsibility directly in Andhra and Kashmir. In Bengal and Assam, the Board organized directly production centres because their organization was a new venture.

Intensive Area Scheme

14. In his inaugural address to the newly constituted Board, the Prime Minister suggested that the Board should select and develop a small number of areas on *sarvodaya* principles with a view to demonstrating to the country the scope and possibilities of an all round economic development and provision of full employment.¹³ In October 1953, the Secretary of the Sarva Seva Sangh, advised the Board that "the idea of full and gainful employment for all can be realized only if the law of *swadeshi dharma*, as advocated by Gandhiji, is accepted by the people"; and if the Board accepted this view, it should invite "the unemployed and under-employed persons in every village or area to work out a plan for the organization of these industries in their areas" and assure them that "on its part, it is willing to provide the technical knowledge, organisational skill, financial and other resources, and marketing organisation necessary for implementing such plans. This will not only enable the Board to do its utmost to reach and combat unemployment in every area, but also to develop the spirit of self-help, local initiative, local talent etc.". The Secretary also advised that "the solution of the problem (seasonal unemployment and under-employment) has to be worked out in the areas where their (farmers') agricultural operations have rooted them."¹⁴ In this context, the Board accepted the necessity of organising centres for planning and promoting integrated development of selected rural areas on an experimental basis.¹⁵ In pursuance of this decision, what is now known as the Intensive Area Scheme of the Commission was drawn up and implemented. As these centres had been started on an experimental basis and are intended to explore the possibilities of the development of Khadi and Village Industries in a new social set-up in rural areas, the Khadi Commission has directly sponsored their formation, direction and development.

13. *Report of the Intensive Area Evaluation Committee*, Khadi & V. I. Commission 1958, p. 5.

14. Letter of the Secretary, Akhil Bharat Sarva Seva Sangh, Wardha, October 14, 1953.

15. Proceedings of the Board's meeting at Bombay (October 23 and 24, 1953).

Decentralization

15. During the period of the Board's operations, suggestions were made by different members to decentralise the work of the large certified institutions in the country.¹⁶ These suggestions related mainly to the reorganization of large institutions into multi-purpose cooperative societies at the village level. The suggestions for reorganization arose from a growing awareness of the difficulties and limitations of centralised administration of development schemes through very large institutions. This approach was, in principle, accepted by the Board and, as stated in Chapter 16, some concrete steps have been taken to give effect to these recommendations.

16. With the introduction of the Ambar Programme in 1956-57, the need for decentralization has acquired greater importance. In its recommendations, the Ambar Charkha Enquiry Committee, (hereafter referred to as the Khera Committee), paid special attention and attached importance to the need for decentralization.¹⁷ The Ambar Charkha Organization Inquiry Committee, (hereafter referred to as the Zaman Committee), to which the study of the organizational methods was referred, pointed out that, without decentralization, the scope for progressive expansion of production would present increasing number of difficulties, and suggested that the large certified institutions should be persuaded to initiate the process of progressive devolution of powers and functions on autonomous small units on district basis.¹⁸

17. Since 1956, the programme of decentralization has been seriously proceeded with by important institutions, such as Bihar Khadi Gramodyog Sangh, Shri Gandhi Ashram and Tamilnad Sarvodaya Sangh, Tirupur.¹⁹

State Boards

18. By the terms of its appointment, the All India Khadi and Village Industries Board was required to implement its schemes in close cooperation with the State Governments. After detailed discussions of the subject, the Board requested all State Governments in the country to set up Statutory State Khadi and Village Industries Boards.²⁰

19. Between 1954-55 and 1958-59, all State Governments except Madras, West Bengal and Uttar Pradesh, set up Statutory State Boards. In Madras, there is an advisory Board, but the programme is implemented departmentally. The Governments of Uttar Pradesh and West Bengal have decided to set up Statutory Boards and have prepared draft Bills for the purpose. In Bombay and in Madhya Pradesh, arrangements are being made to set up reconstituted Boards with jurisdiction over the entire reorganised States. In the reorganised State of

16. Item (9) of the proceedings of the Board's meeting at Puri (March 23, 1955).

17. *Ambar Charkha Enquiry Committee*, Chapter I.

18. *Report of the Zaman Committee*, Chapter IV.

19. For a detailed review of the progress of these schemes see Chapter 16.

20. *Annual Report 1953-54*, p. 31.

Bombay, there are two Statutory State Boards, one in Saurashtra and another in the former Bombay State, besides regional village industries' committees in-charge of Vidarbha and Marathwada regions. Similarly, the State Government of Madhya Pradesh has drafted a Bill to re-constitute the Statutory Board for the reorganised State, as the area of operation of the present Statutory State Board is confined to former Madhya Bharat. All States except Madras have either set up or have decided to set up Statutory State Boards in accordance with the Commission's request.

State Governments

20. Except the Government of Madras, no State Government in India has departmentally organised production and sale of khadi. The State Government of Uttar Pradesh, however, runs a training programme in spinning, and since 1957-58, also has organised a modest Ambar production programme and, as stated in Chapter 4, what is called the hill wool scheme mainly in Almora District.

Community Project Areas

21. Soon after the formation of the All India Board, the then Community Projects Administration invited the Board to coordinate its activities with the Community Project Administration, particularly in the project areas.²¹ After a period of doubt and misgiving, it was finally decided towards the end of 1955 to coordinate the activities of the two developmental agencies.²² The Board undertook to provide training facilities for block level extension officers in order to ensure that they had some knowledge of the economic and technical aspects of the industries.²³

Relations with Sarva Seva Sangh

22. By the terms of its appointment, the Board was required to work in close cooperation with the All India Spinners' Association, which was, in fact, responsible for its appointment. Consequently, the All India Spinners' Association deputed some of its prominent and experienced workers to serve on the Board as either full-time or part-time members. As referred to already, soon after the formation of the Board, the All India Spinners' Association merged with the Sarva Seva Sangh. ● At the *Sarvodaya Sammelan* at Puri in March 1955, the Sarva Seva Sangh directed all constructive workers, including those of the former All India Spinners' Association to obtain release from all activities and devote their entire energies to the *bhoodan* and *gramdan* movements. Owing to this directive many devoted and experienced workers withdrew from active association with Khadi development work.

21. *Annual Report* 1953-54, p. 36.

22. *Annual Report* 1955-56, p. 71.

23. See Chapter 10.

23. The Sarva Seva Sangh did not, however, wholly dissociate itself from Khadi and Village Industries' work, but entrusted it to its Khadi Gramodyog Samiti. This Samiti was intended to discharge the functions formerly performed by the All India Spinners' Association and the All India Village Industries Association. The Board, and later the Commission, maintained close relations with the members of the Sarva Seva Sangh. The members of the Board, particularly the Chairman and the member in-charge, Khadi, and the Member Secretary, participated in the formal and informal meetings of the Samiti. Moreover, the Board since 1955, convened its meetings at the venues of the annual *Sarvodaya Sammelans* in order to have the benefit of the guidance and advice of Shri Acharya Vinobaji, besides using these occasions to hold joint meetings with the Khadi Gramodyog Samiti.

24. During the period 1955-56 and 1958-59, the Board had the benefit of the direct participation of the Khadi Gramodyog Samiti of the Sarva Seva Sangh and the following important decisions on policy governing Khadi and Village Industries were formulated :

- ✓ (i) the introduction and expansion of the Ambar and the acceptance of cloth woven with Ambar yarn as Khadi;²⁴
- ✓ (ii) pooling the costs of production of cloth woven from traditional *charkha* and Ambar yarns, and fixation of prices on a region-wise basis subject to a review every six months;²⁵
- ✓ (iii) the decision to use Ambar yarn for warp and traditional *charkha* yarn for weft with a view to progressive reduction in prices;²⁶
- ✓ (iv) the acceptance of the Board's thesis that the self-employed sector of the economy deserves to be protected and developed on cooperative lines;²⁷
- ✓ (v) the acceptance of the principle that power of any type could be used in Khadi and Village Industries and improved techniques could be introduced, so long as their introduction did not result in displacement of labour or exploitation;²⁸
- ✓ (vi) the acceptance of the principle that technical research should be continuous, and in it, personnel of the country's national research institutes should be associated;²⁹
- ✓ (vii) in selecting candidates for work in Khadi field, preference should be given to candidates who had graduated from basic and post-basic institutions;³⁰

24. *Annual Report 1955-56*, pp. 56, 57, 66 and 85.

25. Item No. 8 of the proceedings of the Board meeting, July 12 and 13, 1956.

26. *Ibid.*

27. *Ibid.*

28. *Building from below* of the A.I.K. & V. I. Board and *Sarvodaya Plan* of Akhil Bharat Sarva Seva Sangh.

29. (i) *Annual Report 1955-56*, pp. 77 & 82.

(ii) Proceedings of the Board's meeting at New Delhi (December 13, 1955).

30. (i) Item 10 of the Board's meeting at Bombay (October 22 and 29, 1956).

(ii) Proceedings of the Board's meeting at Wardha (July 8, 1957).

- ✓ (viii) that, as far as possible, Khadi and Village Industries work should become an integral part of the community project and N.E.S. schemes;³¹
- ✓ (ix) the appointment of a Coordination Committee to examine the problems of reorganization of Khadi work on the *gram ekai* basis.³²

25. It may be added that the Ambar Pilot Programme of the Sarva Seva Sangh, under which productivity of Ambar and suitability of its yarn for the handloom weavers was tested, became the starting point of the whole programme.

26. This brief review of the formation and working of the Khadi and Village Industries Board and Commission and of the various steps taken to realize their objectives shows that, since 1953, there has been a continuity of purpose and earnest effort to provide the necessary drive and central direction for the development of Khadi and Village Industries. The problems and difficulties, to which we refer later, have been faced with understanding; and, in some cases, even against odds a steady effort has been maintained to overcome difficulties; and, in the Ambar programme, significant departures have been made to open up new vistas of advance and achievement. The fact that the programme of decentralised village industries has been linked with the whole programme of national development and social change has created wider opportunities of fulfilling the objects, with which the programme was started in the years of struggle for freedom in a broader context and better prospect of success. This line of advance is of great potential importance and has to be followed with increasing understanding of its basic importance to the growth of the national economy as a whole.

31. Proceedings of the Board's meeting at Puri with Sarva Seva Sangh on 24-3-1955.

32. Item (2) of the proceedings of the Board's meeting at New Delhi (November 5, 1958)- The concept of *gram ekai* implies integrated development of a village or a group of villages as an organic unit. It was intended to bring about a comprehensive reorganisation and development of the units concerned, and develop a new economy therein.

CHAPTER 4

TRADITIONAL KHADI PROGRAMME

INSTITUTIONAL PROGRESS

Since the formation of the All India Khadi and Village Industries Board, the number of certified Khadi institutions increased from 186 in 1953-54 to 696 by the end of 1958-59. Of this number, 11 are Statutory State Boards, 67 are Intensive Areas of the Commission, 314 institutions registered under the Registration of Societies Act of 1860 and 304 certified Khadi cooperative societies. Each of these institutions has one or more production and/or sales centres, in addition to the itinerant sales agencies which operate in the areas of their work. The year-wise growth of institutions is shown in Table 1.

TABLE 1

Institutional Progress

	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
1. No. of parent institutions ..	186	232	304	445	555	696
2. Production centres ..	421	N.A.	611	759	1,752	2,479
3. Sales centres ..	455	505	616	846	1,495	2,463
4. Sales agencies	207	565	602	626	963	N.A.

*Complete figures not available.

Financial Disbursements

2. During the six-year period, 1953-54—1958-59, expenditure on traditional Khadi development schemes amounted to Rs. 22.26 crores, of which Rs. 12.09 crores or 54.3 per cent were grants and Rs. 10.17 crores or 45.7 per cent were loans. Since the introduction of the Ambar Scheme in 1956-57, expenditure on common items, such as rebates on retail sales, subsidy on *vastraswavalamban*, production and sales as well as working capital loans for purchase of cotton, production and sale of Khadi, were pooled together. If the funds sanctioned for the Ambar Programme for these common items are deducted, the net expenditure on the traditional Khadi schemes amounts to Rs. 19.22 crores, of which Rs. 10.38 crores were grants and Rs. 8.84 crores loans. Table 2 presents the year-wise disbursement of funds by purposes.

TABLE 2

Purpose-wise Distribution of Expenditure

(Rs. lakhs)

Item	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	Grand Total
A. Grants							
Subsidies ..	22·33 (80·21)	69·80 (84·99)	132·89 (80·68)	222·57* (86·96)	260·13* (84·64)	300·98* (81·22)	1,008·70* (83·47)
Training ..	0·51 (1·83)	1·48 (1·80)	12·35 (7·50)	11·21 (4·38)	17·72 (5·77)	27·94 (7·54)	71·21 (5·89)
Production	—	1·20 (1·46)	2·00 (1·21)	1·40 (0·55)	1·25 (0·41)	1·66 (0·45)	7·51 (0·62)
Sales Promotion	4·47 (16·06)	7·01 (8·54)	9·73 (5·91)	15·09 (5·90)	20·64 (6·71)	30·83 (8·32)	87·77 (7·26)
Other promotional activities ..	0·53 (1·90)	2·64 (3·21)	7·74 (4·70)	5·67 (2·21)	7·59 (2·47)	7·53 (2·03)	31·70 (2·62)
Miscellaneous	—	—	—	—	—	1·63 (0·44)	1·63 (0·14)
Total Grants ..	27·84 (29·31)	82·13 (33·12)	164·71 (35·98)	255·94* (31·79)	307·33* (29·14)	370·57* (26·70)	1,208·52* (54·29)
B. Loans**							
Production & Sale of Khadi	26·15 (38·94)	63·83 (38·49)	223·21 (76·17)	339·01 (61·74)	456·32 (61·06)	612·80 (60·23)	612·80 (60·23)
Purchase of Cotton ..	41·00 (61·06)	101·99 (61·51)	69·82 (23·83)	210·05* (38·26)	290·98* (38·94)	401·97* (39·51)	401·97* (39·51)
Hill Wool Scheme ..						2·71 (0·26)	2·71 (0·26)
Total Loans	67·15 (70·69)	165·82 (66·88)	293·03 (64·02)	549·06 (68·21)	747·30 (70·86)	1,017·48 (73·30)	1,017·48 (45·71)
Total A & B. ..	94·99	247·95	457·74	805·00	1,054·63	1,388·05	2,226·00

* Includes disbursements on the Ambar Programme of Rs. 170·21 lakhs on rebate on retail sales, *vastraswavalamban* and production and sales subsidy; and Rs. 132·97 lakhs (net amount outstanding) loans for the purchase of cotton. Net total grants for traditional Khadi are Rs. 10·38 crores and net loans Rs. 8·84 crores. Net disbursements over the six-year period are Rs. 19·22 crores. This does not include expenditure on administration, for both programmes which amounts to Rs. 148·08 lakhs shown in Statement 52.

**Figures represent loans outstanding at the end of each year.

Purpose-wise Analysis

3. Analysis of the expenditure, purpose-wise, shows that 45.7 per cent of the total expenditure consisted of loans, which were almost entirely utilised to provide working capital for purchase of raw cotton, production and sale of Khadi. Analysis of grants shows that 83 per cent of the total expenditure was on rebate on retail sales, subsidy on *vastraswavalamban* and on production and sales. Total expenditure on sales promotion was Rs. 87.77 lakhs or 7.3 per cent of the grants. Expenditure on training amounting to Rs. 71.21 lakhs was 5.9 per cent of the total expenditure. Expenditure on minor schemes, such as promotion of hand-spinning, spinning competitions, revival of arts, etc. amounting to Rs. 31.7 lakhs or 2.6 per cent of the total grants over the six-year period. In brief, it is clear that the rebates and subsidies accounted for more than four-fifths of the total grants, and the rest was on sales promotion and training activities. Statement 1 presents, scheme-wise and year-wise, expenditure of both loans and grants during the six-year period.

State-wise

4. Statement 2 presents details of the disbursement of grants and loans, state-wise and year-wise. This, however, includes disbursements on common items, mentioned earlier, from the funds sanctioned for the Ambar Scheme. Of the total grants of Rs. 12.09 crores, Bombay received Rs. 3.4 crores or 28 per cent and Uttar Pradesh received Rs. 2.52 crores or 20.9 per cent. While Punjab and Bihar received Rs. 1.64 crores and Rs. 1.01 crores or 13.5 and 8.3 per cent, respectively, traditional Khadi areas, such as Madras and Andhra received a little over Rs. 60 lakhs each; and Rajasthan, another important traditional area, received less than Rs. 60 lakhs. Disbursements to the other States over the six-year period were considerably below Rs. 50 lakhs.

5. Analysis of the State-wise disbursements of loans shows quite a sizeable variation in the relative shares of States. Over the six-year period, Uttar Pradesh received Rs. 1.80 crores or 17.7 per cent and Bihar Rs. 1.60 crores or 15.7 per cent. But Bombay accounted for Rs. 1.50 crores or 14.8 per cent, as against its share of 28 per cent in the total grants, and Rajasthan Rs. 1.32 crores or 13 per cent as against its share of 4.9 per cent in grants. Punjab received Rs. 1.15 crores or 11.3 per cent as against its share of 13.5 per cent in the total grants. Similarly, Andhra received Rs. 70.65 lakhs or 7 per cent of the total expenditure on loans, as against its share of 5 per cent in grants.

6. The variations in the relative shares of different States in the total disbursements of funds as well as the variations in the proportion of grants and loans need to be analysed. Bombay, which is a comparatively minor Khadi producing State, accounted for 22 per cent of the total disbursements, while Uttar Pradesh, the most important

Khadi producing State, received only 19 per cent of the total disbursements. Of the total amount disbursed to Bombay, 69.3 per cent consisted of grants and 30.7 per cent loans. Bombay's share in grants was relatively larger because it is the largest seller of Khadi. Of the total disbursements of Rs. 3.39 crores from grants, Rs. 2.75 crores or 81.1 per cent represent payments of rebate on retail sales and other subsidies. Secondly, Bombay is one of the most important training centres, having five *vidyalayas*. Thirdly, many of the all-India activities, such as exhibitions, spinning competitions, research etc., are organized by the Commission's headquarters in Bombay.

7. Disbursement of loans to Bombay was comparatively smaller, because working capital needs related mainly to retail and wholesale trade, which accounted for 60 per cent of the total disbursements of loans. Besides, Bombay also purchased raw cotton on behalf of other institutions. Hence, though Bombay is a minor Khadi producing State, many of the promotional activities and the largest volume of retail sales are concentrated in it. This explains why in spite of Bombay's production of Khadi being low (4.2 per cent of the total production in the country), it received 22 per cent of the total disbursements of grants and loans.

8. Major Khadi producing States, such as Uttar Pradesh and Bihar received comparatively a smaller share of grants because of a smaller volume of retail sales, training and other promotional activities. The variations in the proportion between grants and loans are due to the comparatively larger volume of production and, consequently, larger volume of loans for working capital outstanding at the end of each year.

9. To sum up : of the total disbursements of Rs. 22.26 crores over the six-year period, the share of Bombay and Uttar Pradesh was the largest, accounting for Rs. 4.90 crores and Rs. 4.33 crores, respectively, or an aggregate of over two-fifths of the total expenditure. Punjab, Rajasthan, Madras and Andhra together accounted for Rs. 7.3 crores or nearly a third of the total disbursements. A closer analysis of the figures in Statement 2 shows that Bombay, Uttar Pradesh, Bihar and Punjab accounted for Rs. 14.6 crores or 66 per cent of the total disbursements, and Andhra, Madras and Mysore for 16 per cent; or in all 7 States accounted for Rs. 18.13 crores or 82 per cent of the total disbursements. This clearly shows that expansion of production was confined to these States.

Review of Production

10. Table 3 presents the data on the year-wise progress in the quantity and value of production of traditional khadi over the six-year period.

TABLE 3
Production of Commercial Khadi

Year							(Qty. lakh sq. yds.)	(Value Rs. lakhs.)
							Quantity	Value
1953-54	..	..	..	..	..	..	93.34	177.35
1954-55	..	..	..	..	..	..	166.79	309.31
1955-56	..	..	..	..	..	..	219.42	416.03
1956-57	..	..	..	..	..	..	263.82	519.66
1957-58	..	..	..	..	..	..	282.84	521.59
1958-59	..	..	..	..	..	..	338.31	630.86

11. Production of traditional Khadi increased from 9.3 million sq. yds. valued at Rs. 1.77 crores in 1953-54 to 33.8 million sq. yds. valued at Rs. 6.31 crores in 1958-59. The rate of increase in production was considerably higher during the first half of the six-year period than during the second. Since 1957-58, there was a sharp shift from the traditional to the Ambar Khadi production in important States, such as Uttar Pradesh and Andhra.

12. Statement 3 presents the details of the State-wise and year-wise production of traditional Khadi. Table 4 presents the percentage

TABLE 4
Percentage Shares of States in Khadi Production

State	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
1. Andhra	10.00	14.84	12.79	11.28	15.77	11.26
2. Assam	0.03	0.07	0.02	0.01	0.07	0.08
3. Bihar	9.57	15.59	18.88	17.25	21.16	16.58
4. Bombay	3.22	1.70	2.44	2.89	2.54	4.80
5. Delhi	0.01	0.32	0.35	0.46	0.55	1.28
6. Jammu & Kashmir	0.04	0.01	0.01	0.06	0.11	0.09
7. Kerala	0.77	0.55	0.77	1.18	0.84	1.13
8. Madhya Pradesh	1.32	1.18	1.28	0.97	1.09	1.08
9. Madras	29.38	23.17	22.42	21.28	21.49	21.63
10. Mysore	2.77	1.45	1.48	2.20	2.10	2.17
11. Orissa	1.57	1.04	0.88	1.00	0.88	0.72
12. Punjab	6.03	5.26	8.94	8.97	11.36	19.65
13. Rajasthan ..	10.09	11.09	10.72	6.14	5.75	12.12
14. Uttar Pradesh ..	24.29	22.52	18.56	25.81	15.50	6.15
15. West Bengal ..	0.91	1.21	0.46	0.50	0.79	1.26
TOTAL ..	100.00	100.00	100.00	100.00	100.00	100.00

share of each State in the total production of Khadi over the six-year period. It can be seen that there were considerable changes in the relative position of different States over the six-year period. Thus, Uttar Pradesh, which accounted for about 24 per cent of production in 1953-54, accounted only for 6 per cent in 1958-59 owing to, as stated above, its energies and resources having been diverted to the implementation of Ambar programme. Madras, which accounted for nearly 30 per cent of the total production in 1953-54, steadily lost ground over the period, its share in the total production being 21.63 per cent in 1958-59. Punjab improved its position from about 6 per cent in 1953-54 to about 19.65 per cent in 1958-59. Bihar also improved its relative position from a little less than 10 per cent to a little over one-fifth in 1957-58, its contribution in 1958-59 being nearly 17 per cent. Most of the other States improved their position slightly but not as much as either Punjab or Bihar.

Self-sufficiency Scheme

13. Production of Khadi under self-sufficiency scheme during 1958-59 was 99.8 lakh sq. yds. as against 10.1 lakh sq. yds. in 1953-54. Details of the year-wise progress in production are presented in Table 5. Between 1953-54 and 1957-58, production under self-sufficiency scheme increased, literally by leaps and bounds, from about 10 lakh sq. yds. in 1953-54 to 177 lakh sq. yds. in 1957-58. During 1958-59 it declined to nearly one half of the previous year's production, owing, mainly, to the decision of the Commission to restrict *swavalamban* subsidy to cloth woven from yarn above 7's (for further analysis of the scheme see Chapter 9).

TABLE 5

Production of Self-sufficiency Khadi

Year									(Qty. lakh sq. yds.)	
									(Value Rs. lakhs)	
									Quantity	Value
1953-54									10.10	12.98
1954-55									18.17	24.91
1955-56									58.00	82.65
1956-57									130.89	188.15
1957-58									177.11	254.64
1958-59									99.80	144.35

Wool

14. As a result of the financial assistance provided by the All India Khadi and Village Industries Board, production of woollen Khadi increased. From an output of Rs. 5.78 lakh sq. yds. valued at Rs. 15.03 lakhs in 1954-55—(figures of production for 1953-54 are not

comparable as they relate to an eighteen-month period including six months of 1952-53)—production increased to 30.37 lakh sq. yds. valued at Rs. 118.15 lakhs in 1958-59. As production of coarse blankets was comparatively better developed in Andhra, Mysore and Bombay, these three States accounted for nearly 55 per cent of the total quantity of production and 31 per cent of its total value. Uttar Pradesh, Punjab and Jammu and Kashmir accounted for well over 59 per cent of the value of production, although their combined share in the quantity of production was a little more than one-third. Table 6 presents year-wise production and value of woollen Khadi over the six-year period.

TABLE 6
Production of Woollen Khadi

Year	(Qty. lakh sq. yds.) (Value Rs. lakhs)	
	Quantity	Value
1953-54*	11.31	24.20
1954-55	5.78	15.03
1955-56	5.40	27.61
1956-57	15.63	51.76
1957-58	28.07	121.39
1958-59	30.37	118.15

*Figures are for eighteen-month period.

15. In 1958-59, the Commission financed what is popularly described as the "hill wool scheme" organized by the Directorate of Industries of Uttar Pradesh Government. The Khadi Commission advanced Rs. 1.51 lakhs as grants and Rs. 2.71 lakhs as loans or a total of Rs. 4.22 lakhs for the implementation of this scheme. The scheme is specifically designed to provide work to people residing on the foothills of the Himalayas. The scheme was directed to produce hand-spun and hand-woven barrack blankets according to the specifications laid down by the Defence Department. During the brief period it has been in operation, a production capacity of 60,000 blankets a year has been developed. Production during 1958-59 amounted to 53,000 blankets. In addition to the manufacture of barrack blankets, the traditional wool spinners and weavers among the hill tribes are assisted in improving the quality and quantity of production. For this purpose, mechanized carding and mixing of raw wool and mechanized processing and finishing of woollen cloth manufactured from such carded wool have been introduced. But the increase in production, except in Jammu and Kashmir and Almora district of Uttar Pradesh, was not in proportion to the available raw wool in different States.

16. According to the data set out in Table 7, Rajasthan is the largest producer of good quality wool. Bikaner, Beawar, Kekri and Pali are the four most important centres. Good quality wool is also produced in one or two places in Punjab and Uttar Pradesh. Although Andhra, Madras, Madhya Pradesh and Mysore produce small quantities of raw wool, the quality is coarse, being almost hairy. Except the wool produced in Bikaner, Indian wool produced in all other places is considered to be of inferior quality. The wool of Rajasthan is considered to be comparatively superior to the wool produced in any other State in India, only Punjab and Delhi ranking second in quality. Hence, Andhra, Mysore and Bombay specialise in the manufacture of coarse blankets, but Rajasthan, which produces good quality raw wool, manufactures only an insignificant quantity of woollen goods. Even in Jammu and Kashmir, after a period of relative slackness, the work was reorganized in 1954 and has not yet been fully developed.

TABLE 7
Production of Raw Wool and Woollen Khadi

State	Raw Wool (million lbs.)	Woollen Khadi (lakh sq. yds.)
1. Andhra	5.31	5.23
2. Bihar	0.55	1.18
3. Bombay	10.89*	1.49
4. Delhi	0.11	—
5. Jammu & Kashmir	1.77	2.08
6. Madhya Pradesh	1.40	0.56
7. Madras	4.04	0.03
8. Mysore	4.36	9.93
9. Punjab	4.06	4.41
10. Rajasthan	28.83	0.66
11. Uttar Pradesh	4.61	4.36
12. West Bengal	0.93	0.44
13. Himachal Pradesh	1.42	—
TOTAL	68.28	30.37

*Includes estimated production of 4 million lbs. of wool from the migratory sheep as estimated by the Government of former Saurashtra and Kutch State.

(Source : Office of the Textile Commissioner, Bombay).

Silk

17. In the case of silk also, production increased from 88,000 sq. yds. valued at Rs. 4.5 lakhs in 1953-54 to 14.46 lakh sq. yds.

valued at Rs. 61.69 lakhs in 1958-59, as shown in Table 8. As in the case of wool, production was confined to only a few States. Bengal

TABLE 8
Production of Silk Khadi

Year	(Qty. lakh sq. yds.) (Value Rs. lakhs)	
	Quantity	Value
1953-54	0.88	4.50
1954-55	1.92	9.05
1955-56	6.22	28.04
1956-57	7.00	30.07
1957-58	12.59	55.73
1958-59	14.46	61.69

and Bihar between them accounted for over 75 per cent of the quantity and 60 per cent of the total value of production. Production shown under Uttar Pradesh refers to the production at the centres organized by Gandhi Ashram in Bengal and not in Uttar Pradesh itself.

18. Total amount of raw silk produced in India during 1958 was 3.24 million lbs., of which mulberry silk was 2.53 million lbs., and the rest non-mulberry. According to the available information, as much as 64.7 per cent of all varieties of raw silk are produced on *charkha*; and the entire quantity is processed on handlooms*; but of this, the amount of certified silk Khadi is 14.46 lakh sq. yds. or 7.25 per cent of silk production in the country.

Employment

19. As a result of the increase in production of cotton, wool and silk Khadi during the six-year period, partial employment provided to spinners, weavers and other categories of personnel (consisting mainly of carders, dyers, printers, dhobis, tailors, etc.) in traditional Khadi schemes increased from 3.79 lakhs in 1953-54 to 11.16 lakhs in 1958-59, as can be seen from the data given in Table 9. The number of spinners employed increased from 3.48 lakhs in 1953-54 to 10.07 lakhs in 1958-59 or in direct proportion to the rate of increase in production of Khadi. The number of weavers employed increased from a little over 19,000 in 1953-54 to 65,200 in 1957-58. The seeming decrease in their number in 1958-59 is probably due to the incompleteness of the reports from many institutions. The number of other categories of workers increased from 11,400 in 1953-54 to 47,000 by the end of 1958-59.

TABLE 9
Employment

		(No. 000's)					
		1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Spinners .. ..	.. ..	348.0	474.1	596.2	743.6	858.6	1,007.4
Weavers .. ..	.. ..	19.2	29.4	43.6	55.1	65.2	61.5
Others .. ..	.. ..	11.4	14.1	17.7	24.7	44.7	47.0
TOTAL .. ..	.. ..	378.6	517.6	657.5	823.4	968.5	1,115.9@

@Figures are incomplete.

*Source : Letter of the Central Silk Board No. CSB/59 dated September 12, 1959.

20. Statement 7 presents the State-wise data on employment. State-wise analysis of employment figures can be attempted only for 1957-58, as reports for 1958-59 from the largest production centre in Uttar Pradesh are incomplete. Of the 9.69 lakh persons employed in 1957-58, 2.6 lakhs were employed in Uttar Pradesh, 2.22 lakhs in Madras, 1.15 lakhs in Andhra and 1.07 lakhs in Bihar. Thus, Uttar Pradesh, Madras, Bihar and Andhra provided over 70 per cent of the total employment.

TABLE 10

Percentage Share of States in production and employment in 1957-58

State	Employment				Production*
	Spinners	Weavers	Others	Total	
1. Andhra	11.91	14.72	6.26	11.84	15.77
2. Assam	1.75	0.92	0.22	1.62	0.07
3. Bihar	11.65	7.06	6.04	11.08	21.16
4. Bombay	0.30	0.15	0.22	0.29	2.54
5. Delhi	0.59	0.61	0.45	0.59	0.55
6. Jammu & Kashmir	0.58	0.61	0.67	0.59	0.11
7. Kerala	0.93	0.46	0.45	0.88	0.84
8. Madhya Pradesh	0.87	1.24	1.12	0.91	1.09
9. Madras	24.84	9.52	5.15	22.90	21.49
10. Mysore	0.86	0.61	N.A.	0.81	2.10
11. Orissa	1.63	0.92	N.A.	1.50	0.88
12. Punjab	6.83	27.91	26.62	9.16	11.36
13. Rajasthan	7.84	6.13	41.16	9.25	5.75
14. Uttar Pradesh	27.79	25.92	10.52	26.87	15.50
15. West Bengal	1.63	3.22	1.12	1.71	0.79
TOTAL	100.00	100.00	100.00	100.00	100.00

*Refers to production for sale only.

21. Table 10 presents, State-wise data on the percentage of production and employment of different categories of personnel. A study of these figures shows a striking lack of correspondence between the volume of production and of employment of each category of personnel employed. Except in Madras, where there is a broad correspondence between the volume of production and employment, in most States there is a wide disparity between the two. For example, Bihar, which accounted for 21 per cent of production, employed only 11.65 per cent of the spinners, whereas Uttar Pradesh, with a production of only 15.5 per cent, employed nearly 28 per cent of the spinners, 26 per cent of the weavers and nearly 11 per cent of the other categories of personnel. In Punjab and Rajasthan apart from a similar lack of correlation between spinners and weavers employed, the number of other categories of persons is disproportionate.

22. A study of the number of weavers employed also shows similar trends. While Uttar Pradesh employed 26 per cent of all Khadi weavers for 15.5 per cent of production, for a production of little over 21 per

cent, Madras employed 9.5 per cent and Bihar only 7 per cent. We were not, however, able to obtain from the institutions in the various States concerned the reasons for these glaring anomalies. This, however, obviously means that the figures of employment for different States have varying significance from State to State, the variations being due to the variations in the intensity of work i.e. the number of hours devoted to production by the registered artisans. These figures, therefore, cannot, and should not, be taken at their face value.

Other Schemes of Traditional Khadi

(i) Promotion of Hand-spinning

23. During the six-year period, the Khadi Commission disbursed Rs. 9.34 lakhs for the promotion of hand-spinning in the country. Expenditure on this scheme during 1958-59 was only Rs. 1.81 lakhs, as against Rs. 3.32 lakhs during the previous year. Traditional *charkhas* are distributed under the scheme, partly as famine relief and partly as an effort to popularise hand-spinning. During the six-year period, as the data set out in Table 11 show, 87,552 *charkhas* were distributed all over the country. The perennial famine tracts of Bihar and Bombay accounted for 40,200 and 13,750, respectively, followed at a considerable distance by Madhya Pradesh with 6,700 and Punjab with 6,000. As this scheme is related to providing relief to the people in the famine and draught-affected areas, distribution of *charkhas* varied from year to year. With the comparatively better and even distribution of rainfall during 1958-59, the number of *charkhas* distributed during the year decreased to 14,277, as against 32,305 during 1957-58. The same reason applies to the variations in the number of *charkhas* distributed during the earlier years.

TABLE 11
Number of Charkhas Distributed

State	1954-55	1955-56	1956-57	1957-58	1958-59	Total
1. Andhra	1,000	1,800	300	1,453	—	4,553
2. Assam	—	—	—	—	—	—
3. Bihar	2,050	2,500	250	25,100	10,300	40,200
4. Bombay	2,050	8,000	2,500	100	1,100	13,750
5. Jammu & Kashmir	—	—	—	—	—	—
6. Kerala	320	—	—	2,620	500	3,440
7. Madhya Pradesh	—	4,500	1,200	—	1,000	6,700
8. Madras	—	500	1,000	131	77	1,708
9. Mysore	400	—	100	550	—	1,050
10. Orissa	—	200	600	100	—	900
11. Punjab	—	6,000	—	—	—	6,000
12. Rajasthan ..	—	200	400	—	—	600
13. Uttar Pradesh ..	—	1,000	—	2,100	300	3,400
14. West Bengal ..	—	2,500	1,000	51	1,000	4,551
15. Himachal Pradesh	—	100	500	100	—	700
TOTAL	5,820	27,300	7,850	32,305	14,277	87,552

(ii) *Spinning Competitions*

24. The Khadi and Village Industries Commission conducts local, regional and, sometimes, all-India spinning competitions to encourage spinners to spin fine counts of yarn of 60's and above. During the six-year period, the Commission disbursed Rs. 3.98 lakhs on spinning competitions at different levels. During 1958-59, the Commission incurred an expenditure of Rs. 93,000 on the spinning competitions. The details of the different types of competitions and the number of participants in them are shown in Statement 8. During 1958-59, the Commission organized 6,135 local and 9 regional competitions, at which 1,52,686 and 617 competitors participated. With the increase in the volume of Khadi work and the number of spinners engaged in it, the Commission widened the concept of the "region", and also made stringent the conditions for participating in the competitions. Consequently, the number of competitions as well as the number of participants in them were smaller in 1958-59 than during 1956-57. No attempt has been made to assess the effect of the competitions on the quality of yarn, and we ourselves could not get any information on this point. It is, obviously, desirable that the worthwhileness of these competitions should be periodically assessed to know how far expenditure incurred on them is justified by results.

(iii) *Spinning Classes in Jails*

25. The Commission encourages the teaching of hand-spinning to convicts in jails. For this purpose the Commission pays a grant to cover the salary of a craft teacher in the jails. The assumption is that, as handloom weaving is also generally taught in the jails, cloth woven from hand-spun yarn will be utilised by the jails themselves. During the six-year period, the Commission spent Rs. 1.72 lakhs for this purpose.

26. In view of the excellent work done by convicts in Meerut jail, the Commission authorised the starting of an Ambar *vidyalaya* in it to train instructors from among the convicts in the jails in Uttar Pradesh. These convicts who, as a rule, are long-term prisoners, are expected to return after training to their respective jails and train the convicts in them. According to available reports, productivity per spinner per day in the Meerut Jail has gone up to 6 hanks. As the Ambar worked during the leisure hours yields the convicts an extra income, the response to the Ambar both in Meerut and in Sabarmati near Ahmedabad has been good.

27. In addition, hand-spinning is also being taught in the reformatories of Bombay and Punjab and in two beggars' homes in Bombay. The year-wise details are set out below :

				1954-55	1955-56	1956-57	1957-58	1958-59
<i>Reformatories</i>								
Bombay	---	3	3	3	3
Punjab	---	1	1	1	1
<i>Beggars' Homes</i>								
Bombay	---	2	2	2	2

(iv) *Revival of Arts*

28. During the period 1953-54—1958-59, the Commission disbursed Rs. 2.85 lakhs to different institutions in the country for the revival of different types of spinning and weaving in different States. The details of the year-wise and State-wise disbursements by purposes are shown in Statement 9. The largest allocation of funds during the period was for fine yarn spinning, followed at a lower level by grants for *sambalpur*, *khes* and *patola* weaving.

(v) *Resettlement of Weavers*

29. In several large spinning centres, there is a shortage of weavers; and the Commission has started a scheme for promoting the migration of weavers to those centres from the centres in which there is an excess of supply. Of the 878 weavers so far resettled, 604 are in Bombay and the rest in other States.

TABLE 12
Number of Weavers Resettled

State	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	Total
1. Andhra	—	—	—	5	8	—	13
2. Assam	—	—	—	6	—	—	6
3. Bihar	—	2	—	—	—	—	2
4. Bombay	—	46	114	38	82	324	604
5. Kerala	—	6	28	6	10	4	54
6. Madhya Pradesh	—	4	6	2	1	—	13
7. Madras	—	2	—	6	5	24	37
8. Mysore	—	—	—	5	—	2	7
9. Rajasthan	—	16	2	—	3	—	21
10. Uttar Pradesh	—	8	10	12	36	24	90
11. West Bengal	—	—	6	3	—	22	31
TOTAL	—	84	166	83	145	400	878

(vi) *Peripatetic Parties*

30. Under the scheme, the Commission aids institutions each year to organize peripatetic parties to tour hand-spinning centres to assist spinners to improve the quality of their production. During the six-year period the Commission incurred an expenditure of Rs. 7.65 lakhs. At the end of 1958-59, 208 workers were employed by 72 institutions, as against 246 workers employed by 76 institutions during 1957-58 and 269 workers with 77 institutions in 1956-57. The decrease in the number of institutions assisted and the number of workers employed is due to the increase in the number of field staff of the Ambar programme. During 1958-59, 18 institutions in Kerala and 17 in Bombay

were assisted. The details of the number of institutions assisted and the number of workers employed are shown in Table 13.

TABLE 13

Peripatetic Party Scheme No. of institutions aided

State	1954-55		1955-56		1956-57		1957-58		1958-59	
	No. of institutions	No. of work-ers	No. of institutions	No. of work-ers	No. of institutions	No. of work-ers	No. of institutions	No. of work-ers	No. of institutions	No. of work-ers
1. Andhra	—	—	2	14	2	5	3	5	2	5
2. Assam	—	—	—	—	4	9	5	12	3	9
3. Bihar	2	82	3	79	4	84	4	61	5	61
4. Bombay	2	4	17	22	19	24	18	25	17	29
5. Delhi	1	1	1	1	—	—	—	—	—	—
6. Kerala	2	4	14	32	18	47	17	44	18	46
7. Madhya Pradesh	1	1	5	15	3	3	2	2	2	3
8. Madras	—	—	—	—	1	1	1	1	1	1
9. Mysore	—	—	—	—	2	3	2	2	2	2
10. Orissa	1	10	1	41	2	40	2	39	—	—
11. Punjab	—	—	1	1	2	2	2	2	2	2
12. Rajasthan	—	—	2	3	3	5	3	5	4	4
13. Uttar Pradesh	2	5	12	32	4	25	4	23	4	23
14. West Bengal	2	4	8	10	13	21	13	25	12	23
TOTAL	13	111	66	250	77	269	76	246	72	208

(vii) Sales Promotion

31. Under this scheme, the Commission provides financial assistance to institutions to open new bhandars at different places. Assistance is given to institutions to meet expenditure on furniture and salaries on an inversely graduated scale according to annual sales. Large bhandars receive assistance upto 75 per cent of the net cost of furniture or of the value of sales upto a maximum of Rs. 10,000 during the first year; medium sized bhandars receive assistance upto a maximum of Rs. 5,000; and small bhandars receive assistance upto a maximum of Rs. 2,000. During the three-year period ending March 31, 1959, 754 bhandars were assisted. Of this, only 38 were large ones and 556 were small and 160 medium. Expenditure on this scheme, during the three years it has been in force, amounted to Rs. 28.54 lakhs. Table 14 presents the details of the number of bhandars assisted, State-wise.

TABLE 14
No. of *Bhandars* Assisted

State	1956-57						1957-58						1958-59						Total		
	A			B			A			B			A			B			Total		
	A	B	C	Total	A	B	C	Total	A	B	C	Total	A	B	C	Total	A	B	C	Total	
1. Andhra .. ..	..	..	..	..	5	3	..	8	1	..	1	2	6	3	1	10				
2. Assam .. ..	..	..	..	5	1	6	..	..	..	..	..	..	..	5	1	6				
3. Bihar .. ..	..	..	..	..	4	4	..	..	4	2	..	6	4	2	4	10				
4. Bombay	8	6	4	18	41	7	..	48	21	15	4	40	70	28	8	106					
5. Delhi .. ..	..	..	..	1	..	..	..	..	..	3	..	3	..	4	..	4				
6. Jammu & Kashmir	2	1	..	3	..	..	..	..	..	..	..	..	2	1	..	3				
7. Kerala	17	3	..	20	5	..	..	5	3	..	..	3	25	3	..	28				
8. Madhya Pradesh	5	2	..	7	5	2	..	7	2	8	..	10	12	12	..	24					
9. Madras .. ..	..	..	..	1	2	9	..	11	1	4	..	5	3	14	..	17				
10. Mysore	12	1	..	13	54	8	3	65	45	3	1	49	111	12	4	127					
11. Orissa .. ..	..	3	1	4	..	..	..	..	..	..	..	..	..	3	1	4				
12. Punjab	24	3	3	30	12	7	1	20	21	14	1	36	57	24	5	86					
13. Rajasthan	23	5	..	28	39	10	5	54	46	8	2	56	108	23	7	138					
14. Uttar Pradesh .. ..	..	..	..	..	139	6	2	147	14	2	..	16	153	8	2	163				
15. West Bengal	2	6	..	8	1	1	3	5	2	10	2	14	5	17	5	27					
16. Tripura .. ..	..	..	..	..	..	..	..	..	..	1	..	1	..	1	..	1				
TOTAL	93	37	13	143	303	53	14	370	160	70	11	241	556	160	38	754					

(viii) Exhibitions

32. The Khadi Commission also assists institutions in organizing exhibitions of various types at different levels to promote sales. During the six-year period, expenditure on exhibitions amounted to Rs. 55.01 lakhs. Table 15 shows the number and size of the exhibitions organized during the six-year period.

TABLE 15
No. of Exhibitions

	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Big	1	1	1	2	5	9
Medium .. .	—	2	3	5	17	21
Small .. .	19	36	69	81	54	75
Mobile Units .. .	—	—	—	4	10	22
TOTAL .. .	20	39	73	92	86	127

(ix) Khadi Hundies

33. To obtain working capital for Khadi, Gandhiji initiated the system of Khadi hundies. In 1939, Gandhiji is reported to have sold hundies worth Rs. 50,000. During periods of acute shortage of capital, Khadi hundies were sold by several institutions to the public. Soon after its formation, the All India Khadi and Village Industries Board revived the sale of Khadi hundies. These have acted essentially as advance sales of Khadi because Government provided the Board adequate working capital for both production and sales. Table 16 presents the details of the sales of Khadi hundies through post offices and institutions. Khadi hundies are usually sold during the six-week period between October 2nd (Gandhi Jayanti) and November 15th and are available for redemption by March 31st. Complete reports on the sales of hundies and their redemption are not, however, available.

TABLE 16
Khadi Hundies sold

Year	(Value Rs.)			
	Through Post Offices		Through Institutions	
	Sales	Redemption	Sales	Redemption
1954-55	83,550	{	59,24,926	5,82,000
1955-56	25,66,675		—	N.A.
1956-57	14,43,330		—	N.A.
1957-58	—	—	16,19,885	N.A.
1958-59	—	—	2,16,000	N.A.

34. As against a sale of Khadi hundies for over Rs. 60 lakhs in 1954-55, the reported redemption is Rs. 5.82 lakhs. Till the end of 1956-57 sales of Khadi hundies through post offices and institutions, amounted to nearly Rs. 1 crore, but reported redemption was only Rs. 46 lakhs.

(x) Training

35. Under the Traditional Khadi Scheme, the Commission set up a Central *vidyalaya* at Nasik, 7 *mahavidyalayas* to train extension officers of the Ministry of Community Development and 17 Regional *vidyalayas* to train personnel required by the Khadi institutions. During the six-year period, the Central *vidyalaya* at Nasik trained 419 persons, of which 44 were teachers required for the Commission's regional *vidyalayas*. The *mahavidyalayas* provided training to 972 block level extension officers of the Ministry of Community Development. The Regional *vidyalayas* trained over the period 1,237 workers. Besides, this, certified institutions provided refresher courses for their workers according to their respective requirements. During the six-year period, 6,347 workers availed themselves of the refresher courses.

Conclusion

36. The main purpose of Ambar, as pointed out in the next chapter, was to raise the technical level of hand-spinning, and increase the productivity and wages of the artisans and open a new chapter altogether in Khadi programme. Traditional *charkha* has, ever since the beginning of the Khadi as an organized movement, remained, relatively speaking, an inefficient instrument of spinning; and in spite of some earnest efforts, output per man-hour has remained the same for the last forty years; and there is no prospect of the position materially changing for the better. The vicious circle of low output, low wages and even falling real wages has continued because of technological limitations of the *charkha*. It was to break this vicious circle that Ambar was introduced, and it was expected that efficiency of output would continue to rise higher and higher. Traditional Khadi was, in this context, expected, relatively speaking, to lose its importance, and Ambar become the basis of future development of Khadi. This has not happened. About four-fifths of Khadi produced is from traditional *charkha* yarn; and owing to the rate of increase in the production of traditional Khadi, it still remains the dominant element in Khadi programme. Apart from the serious defects, which we point out in Chapters 6 and 8, the fact that traditional Khadi still retains its present position and, as far as we can see, there is no plan for largely replacing it by Ambar so far as Khadi for the market is concerned. It is clear that real significance of Ambar is neither appreciated nor duly taken into account in formulating Khadi development plan. This, may we repeat, is against the original purpose of Khadi since 1956. We definitely are of the opinion that this inability to assign to traditional

Khadi the place it was intended to have and should have, accounts for the Khadi plans having miscarried. The position, therefore, has to be reviewed and, as stated by us in Part II, traditional Khadi assigned its proper place as the main constituent of production for self-use, and production for self-use only.

CHAPTER 5

AMBAR PROGRAMME

I. HISTORICAL BACKGROUND

Gandhiji, as is well known, made very earnest efforts to evolve and provide a spinning instrument, simple enough to be serviced by village artisans and cheap enough to be owned by every villager, and capable of producing more and better yarn. It was this quest for better technique in handspinning that led Gandhiji to offer prizes of Rs. 5,000 in 1923 and Rs. 1,00,000 in 1929 for the manufacture of a really efficient spinning apparatus. Between 1919 and 1949, a number of improvements were made on the traditional spinning wheel, but they did not appreciably raise productivity. The models that were submitted for the prizes by Indian and foreign competitors, failed to satisfy one or more of the conditions he had prescribed, although many of them were found to be satisfactory in their productivity as well as quality.¹

2. The All India Spinners' Association devoted greater and more earnest attention to technical research only after the end of World War II. As a result of the encouragement and financial assistance provided by it, one of its workers, Shri Ekambaranathan of Papankulam, Tirunelveli District, constructed in 1949 a two-spindle wooden spinning instrument embodying the ring spinning technique. This was the fore-runner of the present four-spindle Ambar.

3. Besides the original inventor, a number of other workers carried out, over a period of more than five years, a number of experiments, the result of which was the construction of a four-spindle wooden Ambar, a *belni* and the *dhunai modia*, described as the Ambar Set. Trials of this set in the laboratory and in the field indicated its potential, and Ambar was on that account approved by the Khadi & Village Industries Board, and made the basis of its draft proposals for the development of Khadi during the Second Plan period.

4. From the beginning, however, the need for and the importance of, continuous research and improvement in Ambars was stressed by the Board and the Akhil Bharat Sarva Seva Sangh, and it was assumed that the technique of decentralised spinning would, through research and experiment, be brought to an ever rising level of achievement in practice.

The Draft Ambar Programme

5. In its draft proposals for the Second Five Year Plan period, the Khadi and Village Industries Board proposed to distribute 25 lakh

1. For a fuller treatment of this subject see Chapter 13.

Ambar sets to spinners trained over a period of three months, and produce at the end of the period, *i.e.* in 1960-61, about 400 million lbs. of yarn needed for the production of 1,500 million yds. of cloth, required to meet the estimated additional demand for cloth by 1960-61.² Originally, the Board's proposals envisaged the sale of yarn produced on the Ambar to handloom weavers through the Handloom Board. Later, the Board undertook the responsibility for the weaving of all yarn into cloth, as the Sarva Seva Sangh decided that cloth woven with Ambar yarn could be treated as Khadi.³

6. The Village and Small Scale Industries (Second Five Year Plan) Committee, (hereafter referred to as the Karve Committee), to which these draft proposals were referred, considered that the data available to them on the technical and mechanical soundness of Ambar, its productivity, the quality of yarn spun on it and its acceptability to handloom weavers of mill yarn, were inadequate to enable them to express any definite opinion.⁴ They were, however, of the view that there was sufficient creative and inventive talent in the country to evolve an efficient and economic spinning unit, that could be introduced on a wide scale to develop a decentralised spinning industry in the country.⁵ They suggested that the technical soundness, productive capacity and related aspects of Ambar should be tested in the field, and the results made available to Government so that the policy regarding the expansion of spindles in the mills could be decided by May 1956.⁶

7. To obtain comprehensive as well as representative data on the performance of the Ambar in the field, the Sarva Seva Sangh implemented what later came to be described as the Ambar Pilot Programme. During the currency of the Ambar Pilot Programme, the Government appointed the Ambar Charkha Enquiry Committee to assess the technical and economic aspects of Ambar and the programme based on it. In addition to the results made available to this Committee by the Sarva Seva Sangh, various textile research institutes, to which the Government had referred Ambar for a technical assessment, also submitted to the Committee their separate reports.

Recommendations of the Khera Committee

8. On the basis of the results of the Pilot Programme in the field and the technical assessment by the various textile research institutes, the Khera Committee recommended to Government the continuation of the experimental Ambar programme on an increasing scale and periodic reviews of its working. They recommended the

2. *Ambar Charkha Programme and Economics*, All India Khadi and Village Industries Board, pp. 17-21.

3. Letter of the Board, ECR/AC/56, dated June 1, 1956.

4. *Report of the Village and Small Scale Industries (Second Five Year Plan) Committee*, Planning Commission, 1955, p. 38.

5. *Ibid.*, p. 45.

6. *Ibid.*, p. 38.

manufacture and distribution of 75,000 Ambars during 1956-57⁷, and suggested that implementation of the programme should be supplemented by intensive efforts to improve the design of the spinning and roving units and also by a competition for an improved design of the apparatus.⁸

9. The Committee recommended that the Ambar, except for its precision parts, should be manufactured on an entirely decentralised basis and not in factories, because this would facilitate the provision of servicing facilities on the scale needed by the spinners. They, however, pointed out that adequate arrangements might have to be made to test the quality and performance of Ambars before their distribution to spinners.⁹

10. They pointed out certain conditions which, in their opinion, would be favourable for the successful implementation of the Ambar Programme. They were : (i) replacement of traditional *charkhas* by Ambars¹⁰, (ii) introduction of Ambars among weavers to the maximum extent possible¹¹, (iii) formation of cooperatives¹², (iv) organization and development of Ambar projects so as to relate them directly to the development and transformation of the village economy¹³, (v) introduction of the scheme where the need for providing employment was the greatest¹⁴, (vi) integration of the Ambar with C.D. and N.E.S. Blocks¹⁵, (vii) introduction of the programme in cotton growing areas and cultivation of cotton in C.D. Blocks¹⁶, and (viii) reduction and elimination of subsidy on the basis of self-sufficiency as soon as possible.¹⁷

11. It was assumed that, if the programme was organized and implemented as suggested by them, the need for certification of Khadi would progressively decrease, and the functions of the Khadi Commission would be confined to the disbursements of funds, assistance for technical and other research and coordination of work of the decentralized agencies.¹⁸ To assist in the expansion of the Ambar Programme, the Committee also recommended that all governmental agencies should, as far as possible, obtain their requirements of cloth from Ambar.¹⁹

7. *Report of the Ambar Charkha Enquiry Committee*, Government of India, 1956, p. 50.

8. *Ibid.*, pp. 15-16.

9. *Ibid.*, p. 16.

10. *Ibid.*, p. 50.

11. *Ibid.*, p. 51.

12. *Ibid.*, p. 52.

13. *Ibid.*, p. 34.

14. *Ibid.*, p. 51.

15. *Ibid.*, p. 48.

16. *Ibid.*, p. 51.

17. *Ibid.*, p. 34.

18. *Ibid.*, pp. 41 & 52.

19. *Ibid.*, p. 53.

Textile Policy

12. Soon after the Khera Committee reported, Government of India announced its Textile Policy. On the basis of a population of 400 millions and a *per capita* consumption of 18.5 yds., domestic demand for cloth was expected to go up to 7,400 million yds. by 1960-61. Allowing for an export of 1,000 million yds., the total output of cloth required by 1960-61 was estimated at 8,400 million yds. This meant an additional production of 1,700 million yds. by 1960-61.

13. Government allotted the responsibility for the production of only 1,550 million yds., as shown below, deferring the allocation of the balance of 150 million yds. to a later date.²⁰ According to the government's Textile Policy, the Ambar Programme was expected to produce by 1960-61 enough yarn for the manufacture of 300 million yds. of cloth on the handlooms.

Sector	Allocation (Million yds.)
1. Handlooms:	
(i) With mill yarn	700
(ii) With Ambar yarn	300
2. Mills $\frac{1}{2}$	350
3. Power-looms	200
TOTAL	1,550

14. Although the Commission generally accepted the recommendations of the Khera Committee, it pointed out that, in the initial stages, it might not be possible to ensure the manufacture of Ambars on an altogether decentralized basis, as village artisans would have to be trained to manufacture them. Secondly, it might not be possible to introduce Ambars primarily among members of the handloom weavers' families. They also pointed out that the replacement of the traditional *charkha* by Ambar had to be a gradual process, the transition being dependent on the traditional spinners learning to appreciate the advantages of the more efficient instrument.²¹ Lastly, it was also pointed out by the Board that the need for certification was likely to continue throughout the Second Plan period.

15. Government of India agreed with the views of the Board and accepted the recommendations of the Khera Committee subject to these modifications, and sanctioned an extended experimental programme of 75,000 Ambars during 1956-57. Although Government sanctioned funds early in July 1956, the implementation of the programme was delayed till September 1956, owing to a number of procedural difficulties governing disbursements of funds, for which appropriate solutions had to be devised in consultation with different Ministries of the

20. Statement on the Cotton Textile Policy by the Minister of Commerce and Industry, June, 1956.

21. Proceedings of the Board, July 12 & 13, 1956 item 5.

Government. After the programme had been in operation for only three months, its working was reviewed, as recommended by the Khera Committee, in December, 1956, by a Committee, consisting of the representatives of the Ministries of Production and of Finance, and of the Planning Commission. The Review Committee recommended a programme for the manufacture of 1,80,000 and distribution of 1,50,000 Ambars during 1957-58.

16. On the basis of the findings of an enquiry carried out by the Khadi Commission all over the country, the Commission in July 1957 suggested to Government a reduction in the size of the programme of manufacture from 1,80,000 to 1,15,000 Ambars, and the revision of targets for the production of cloth from 20 million to 15 million sq. yds. The main findings of the enquiry were: (i) the work period per year was only 200 days and not 300 days as assumed by the Khera Committee; (ii) generally only one spinner operated on Ambar and for an average of 4 hours per day; (iii) productivity on Ambar was on the average 4 hanks per day, although about a third of the spinners worked longer and produced more than 4 hanks per day; (iv) the quality of Ambars distributed was poor, and the arrangements for their servicing and repair, for distribution of spare-parts were unsatisfactory; (v) the quality and technical competence of the instructors and carpenters at the *parishramalayas* (training centres for spinners) were unsatisfactory; and the number of each category of personnel was inadequate to supervise the working of Ambars distributed in each area; (vi) arrangements for the follow-up services of trained spinners were uniformly poor, and, as on these services depended both the quality and quantity of production, they required immediate expansion; and (vii) supply of cotton to spinners and arrangements for the purchase of yarn from them needed improvement.²²

17. To assess and to recommend steps to improve the organizational machinery for the implementation of the Ambar programme, the Commission appointed the Zaman Committee. In its report the Committee recommended various steps to remove the defects noted above, and observed that the only effective means for improving the overall working of the programme was decentralisation of Khadi work and reorganization of the large certified institutions. The Committee observed that only the formation of cooperative societies at the base and a federal hierarchy at different higher levels, would effectively remove the existing defects referred to above and eliminate the inadequacies of the existing organization.²³ The Commission accepted the major portion of its recommendations and suggested to its certified institutions the need for progressive decentralization of their work.²⁴

18. In its assessment of the working of the programme, the Commission urged the Government to revise the size and targets of

22. *Report of the Ambar Enquiry*, 1957, Khadi Commission, Ms p. 20 et seq.

23. *Report of the Zaman Committee*, pp. 30-37.

24. *Proceedings of the Commission*, November 25, 1957, item (4).

the Ambar Programme for 1957-58. In view of the reasons advanced by it, the Review Committee in October 1957 recommended to Government the acceptance of the revised programme and targets; but invited the attention of the Khadi Commission to the need for taking steps to improve the productivity of spinners on Ambar.

19. At a special meeting of the Planning Commission in January, 1958, the size of the programme and the targets of production were revised as follows :

Year	No. of Ambars	Production Target* (Million yds.)
1956-57	64,500	2.25
1957-58	1,15,000	15.00
1958-59	1,00,000	25.00
1959-60	1,00,000	40.00
1960-61	1,00,000	60.00

*The intention was that the cloth would be woven from Ambar yarn only.

20. The brief review of the evolution of the Ambar programme during the three-year period, 1956-57 to 1958-59, shows that, as against the original programme for the distribution of 25,00,000 Ambars and the production of 1,500 million yds., the present programme envisages the introduction of no more than 4,79,500 Ambars and production of 60 million yds. by 1960-61, or only a fifth of the allocation of 300 million yds. made by the Textile Policy of the Government of India in June 1956.

II. FINANCIAL

21. During the three-year period, 1956-57 to 1958-59, expenditure on the Ambar programme amounted to Rs. 12.28 crores, consisting of Rs. 4.48 crores as grants and Rs. 7.80 crores as loans. If the disbursements on common items such as retail sales, *vastraswavalamban*, subsidy on production and sales and loans for cotton purchase are also taken into account and allowed for, the net expenditure on the Ambar programme would amount to Rs. 15.31 crores, consisting of Rs. 6.18 crores grants and Rs. 9.13 crores loans. The analysis presented in the following paragraphs is, however, exclusive of the disbursements of grants and loans on common items, as it was not possible to obtain details of the State-wise or purpose-wise disbursements on them. Table 1 presents the disbursements on the Ambar programme by purposes.

22. Analysis of the expenditure on grants, excluding the common items referred to above, shows that Rs. 3.82 crores or 85 per cent of expenditure was on training, Rs. 54.5 lakhs or 12.2 per cent was on machinery and equipment needed for production centres of various

TABLE 1
Purpose-wise distribution of Expenditure

		(Rs. Lakhs)			
		1956-57	1957-58	1958-59	Total
A. Grants					
1. Training		85.87 (91.63)	157.71 (89.79)	138.38 (77.40)	381.96 (85.23)
2. Production		6.28 (6.70)	15.73 (8.96)	32.44 (18.14)	54.45 (12.15)
3. Salaries of technicians (saranjam karyalayas)		1.40 (1.49)	1.79 (1.02)	1.86 (1.04)	5.05 (1.13)
4. Others		0.16 (0.18)	0.41 (0.23)	6.11 (3.42)	6.68 (1.49)
TOTAL GRANTS ..		93.71@ (34.82)	175.64 @ (42.18)	178.79 @ (18.66)	448.14@ (36.50)
B. Loans**					
1. Working capital for production and sales		65.39 (37.28)	154.79 (37.17)	363.54 (46.63)	363.54 (46.63)
2. Working capital for manufacture of ambars		33.97 (19.37)	53.67 (12.89)	70.12 (8.99)	70.12 (8.99)
3. Hire purchase loan		76.02 (43.35)	190.66 (45.78)	309.17 (39.66)	309.17 (39.66)
4. Others		—	17.31 (4.16)	36.78 (4.72)	36.78 (4.72)
TOTAL LOANS ..		175.38@ (65.18)	416.43 @ (57.82)	779.61 @ (81.34)	779.61 @ (63.50)
TOTAL (A&B) ..		269.09@	592.07@	958.40 @	1227.75 @

@ Excludes disbursements of Rs. 170.21 lakhs on rebate on retail sales, *vastraswavalamban* and production and sales subsidy; and Rs. 132.97 lakhs (net amount outstanding) loans for the purchase of cotton. Net total grants for Ambar Programme are Rs. 6.18 crores and net loans Rs. 9.13 crores. Net disbursements over the three-year period are Rs. 15.31 crores.

**Figures represent loans outstanding at the end of each year.

types and Rs. 5 lakhs or 1.13 per cent on the salaries of technicians of *saranjam karyalayas* and Rs. 6.7 lakhs on all kinds of minor miscellaneous items. The bulk of the total expenditure of Rs. 4.48 crores was on training of different categories of personnel and the establishment of production centres or on promotional activities.

23. During the three-year period, loans amounting to Rs. 8.66 crores were advanced, of which Rs. 86 lakhs were repaid. Loans outstanding at the end of 1958-59 were Rs. 7.80 crores, of which Rs. 3.64 crores or 46.6 per cent were loans for working capital for production and sales, Rs. 3.09 crores or 39.7 per cent for distribution of Ambars on hire purchase basis and Rs. 70 lakhs or 9 per cent were working capital

loans for the manufacture of Ambars. The balance of Rs. 36.8 lakhs or 4.7 per cent were loans for construction of godowns and purchase of machinery and equipment for different types of production centres. Of the total disbursements of loans, Rs. 4.34 crores or 55.6 per cent were for working capital, about 40 per cent was for distribution of Ambars on hire-purchase and the balance for developmental activities. Details of the scheme-wise disbursements of funds during the three-year period are summarised in Statement 10.

State-wise

24. Although funds for the Ambar programme as compared with those for traditional Khadi programme were more widely distributed among the States, Uttar Pradesh and Bihar between them accounted for Rs. 5.87 crores or 47.7 per cent; and Andhra, Punjab, Bombay and Rajasthan for Rs. 3.85 crores or 31.4 per cent. Thus, in the Ambar programme as in traditional Khadi programme, 6 states accounted for Rs. 9.72 crores or nearly 80 per cent of the total disbursements. Madras, one of the important traditional Khadi producing states, received only Rs. 58.95 lakhs or 4.8 per cent of the disbursements and Mysore Rs. 53.6 lakhs or 4.34 per cent. The shares of each of the other States, as in the traditional Khadi programme, were very small. The pattern of disbursements on the Ambar programme confirms our earlier conclusion (Chapter 4) that no serious attempt to extend Khadi work to new areas was made even in the Ambar programme.

25. The proportion of loans to grants in the Ambar programme is large, as grants for training only are included here and other grants, for example, rebate have been included in traditional Khadi.²⁵ As loans were advanced mainly for production and sales, major Khadi producing states received relatively larger amounts by way of loans than of grants. As loans are repayable over a ten-year period, loans outstanding against major Khadi producing States at the end of the period, are relatively larger.

III. MANUFACTURE OF AMBARS

26. The Commission provided financial assistance to institutions in different States for the manufacture of Ambars. At the end of 1958-59, there were 108 large *saranjam karyalayas* and 485 service stations all over the country. The State-wise distribution of *saranjam karyalayas*, presented in Table 2, shows an almost total lack of correspondence between the responsibility for the introduction and operation of Ambars and the number of *saranjam karyalayas* sanctioned to different States. While Uttar Pradesh for example introduced about 62,000 Ambars and Bihar 48,000, the number of *saranjam karyalayas* sanctioned to them were 8 and 7, respectively, whereas in Bombay, which

25. As shown in Table 2 of Chapter 4, grants for rebates and subsidies account for Rs. 10.08 crores for both the programmes.

introduced about 19,000 Ambars, the number of *saranjam karyalayas* was 32. This maladjustment was partly removed by a more even distribution of service stations, which are miniature *saranjam karyalayas*, i.e., they are also expected to manufacture Ambars.

TABLE 2

State-wise distribution of Saranjam Karyalayas and Servicing Stations

State	No. of saranjam karyalayas			No. of servicing stations	
	1956-57	1957-58	1958-59	1957-58	1958-59
1. Andhra	1	9	9	24	32
2. Assam	---	2	2	2	2
3. Bihar	6	7	7	40	83
4. Bombay	27	32	32	19	35
5. Delhi	3	3	3	2	4
6. Jammu & Kashmir	---	---	-		1
7. Kerala	2	4	4	10	17
8. Madhya Pradesh	1	2	2	9	11
9. Madras	3	7	7	9	15
10. Mysore	10	13	13	10	20
11. Orissa	1	1	1	7	7
12. Punjab	4	5	5	48	69
13. Rajasthan	13	13	13	41	73
14. Uttar Pradesh	4	8	8	52	110
15. West Bengal	2	2	2	6	6
TOTAL ..	77	108	108	279	485

27. The disproportionately large number of *saranjam karyalayas* in Bombay is, therefore, to be attributed to the initial arrangements the Commission made to manufacture and distribute Ambars to States, which had no manufacturing facilities. Moreover, the productive capacity of *saranjam karyalayas* varied within a wide range; and the number of *saranjam karyalayas* itself is no measure of their actual or potential manufacturing capacity.

28. The disproportionate distribution of *saranjam karyalayas* during the initial years was responsible for the large-scale movements of Ambars between one State and another, as can be seen from Table 3.

TABLE 3
Manufacture and Distribution of Ambars

State	1956-57			1957-58			1958-59			Total	
	Ambars manufac- tured	Ambars distrib- uted		Ambars manufac- tured	Ambars distrib- uted		Ambars manufac- tured	Ambars distrib- uted		Ambars manufac- tured	Ambars distrib- uted
1. Andhra	519	3,307	3,423	8,881	4,781	14,629	8,723	26,817
2. Assam	146	19	202	347	348	366
3. Bihar	6,786	5,000	14,958	15,452	21,169	27,719	42,913	48,171
4. Bombay	31,897	5,613	30,276	8,080	17,518	5,114	79,691	18,807
5. Delhi	1,405	290	60	281	—	385	1,465	866
6. Jammu & Kashmir	56	—	147	—	203
7. Kerala	335	350	932	1,853	1,470	3,143	2,737	5,346
8. Madhya Pradesh	686	806	1,926	3,062	482	2,386	3,094	6,254
9. Madras	535	1,536	1,596	3,258	2,831	8,519	4,962	13,313
10. Mysore	6,026	3,742	5,512	5,094	3,599	4,001	15,137	12,837
11. Orissa	1,240	507	571	1,321	—	3,112	1,811	4,940
12. Punjab	8,233	2,492	11,899	8,093	3,718	7,771	23,850	18,356
13. Rajasthan	7,722	5,362	13,797	8,330	3,372	5,892	24,891	19,584
14. Uttar Pradesh	10,717	15,800	27,111	32,601	11,244	13,552	49,072	61,953
15. West Bengal	683	367	3,445	2,468	4,011	3,707	8,139	6,542
Total	76,784	45,743*	1,15,652	98,849	74,397	1,00,424	2,66,833	2,45,015*

*State-wise break-up net available for 660 Ambars.

29. The analysis of the data in Table 3 shows that all States other than Bombay, Mysore, Punjab, Rajasthan and Bengal, imported Ambars on a considerable scale during the three-year period. Bombay exported nearly 60,000 out of a total of 80,000 Ambars manufactured by it. Presumably, most of the States imported Ambars from Bombay on a considerable scale. Analysis of the year-wise trends in the movements of Ambar and in the increase in productive capacity in different States, shows that the manufacture of Ambars in Bombay fell sharply from 31,897 in 1956-57 to 17,518 in 1958-59, and export of Ambars correspondingly fell from 26,284 in 1956-57 to 12,404 in 1958-59. Except in Andhra, Kerala, Madras and Madhya Pradesh, imports of Ambars tended to decline. Though there has been an increase in the distribution of Ambars in all States, there has been a material fall in the number of Ambars manufactured in all States except Bihar, Andhra, Madras and West Bengal, in which the number of Ambars manufactured has increased. This fall in production is due to (a) improvement in the arrangements for the manufacture of Ambars in each State and, therefore, a reduction in imports from other States and (b) slackening of the pace of expansion of the programme.

Distribution of Ambars

30. In accordance with their responsibility for the programme as reflected in the disbursements of funds, Uttar Pradesh and Bihar distributed about 62,000 and 48,000 Ambars, respectively, during the three-year period accounting between them for 44.9 per cent of the number distributed. Four other major States, viz. Andhra, Rajasthan, Bombay and Punjab accounted for 83,564 Ambars. Madras and Mysore between them accounted for another 26,150 Ambars. These seven States taken together accounted for 82 per cent of Ambars distributed so far. The pattern of distribution, shown in Table 4, further confirms our earlier conclusion that Khadi work was concentrated in traditional States and little or no attempt was made to extend it to new States.

TABLE 4
No. of Ambars Distributed

State	Number of Ambars distributed as on 31-3-1959	Percentage to total
1. Andhra	26,917	10.97
2. Assam	366	0.15
3. Bihar	48,171	19.71
4. Bombay	18,807	7.70
5. Delhi	366	0.35
6. Jammu & Kashmir	203	0.08
7. Kerala	5,346	2.20
8. Madhya Pradesh	6,254	2.56
9. Madras	12,313	5.48
10. Mysore	12,837	5.26
11. Orissa	4,940	2.02
12. Punjab	18,356	7.51
13. Rajasthan	19,584	8.01
14. Uttar Pradesh	61,953	25.35
15. West Bengal	6,542	2.68
TOTAL	2,45,015*	100.00

*State-wise break-up not available for 660 Ambars distributed

IV. TRAINING

31. For its implementation the Ambar programme required trained instructors and carpenters to organize and conduct training classes (*parishramalayas*, later described as Ambar *shiksha vargs*) for spinners. To train the required number of instructors, 37 main and 24 sub *vidyalayas* were organised, and for training carpenters 17 *vidyalayas*.

32. During 1956-57, as the Board was required to start a sufficient number of *parishramalayas* to train 70,000 to 80,000 spinners, the period of training for instructors was only 5 months. In the absence of adequate training facilities in different States, personnel deputed by institutions were trained in Bombay, which had the necessary facilities. Some of the States, particularly Bihar and Punjab, appointed as instructors, spinners who had shown exceptional skill and efficiency during and after the period of their training. The number of instructors in the field in different States was considerably larger than shown by figures in Table 5.

TABLE 5
Training

State	Ambars distributed	No. of instructors trained	Col. 2 Col. 3	No. of carpenters trained	Col. 2 Col. 5
1	2	3	4	5	6
1. Andhra	26,817	1,032	26.0	131	204.7
2. Assam	366	94	3.9	—	—
3. Bihar	48,171	813	59.3	252	191.2
4. Bombay	18,807	1,291	14.6	442	42.5
5. Delhi	866	113	7.7	52	16.7
6. Jammu & Kashmir	203	—	—	—	—
7. Kerala	5,346	300	17.8	76	70.3
8. Madhya Pradesh	6,254	389	16.1	46	136.0
9. Madras	13,313	617	21.6	29	459.1
10. Mysore	12,837	487	26.4	213	60.3
11. Orissa	4,940	197	25.1	—	—
12. Punjab	18,356	683	26.9	205	89.5
13. Rajasthan	19,584	679	28.8	268	73.1
14. Uttar Pradesh	61,953	2,467	25.1	395	156.8
15. West Bengal	6,542	397	16.5	—	—
TOTAL	2,45,015*	9,559	25.6	2,109	116.2

*State-wise break-up not available for 660 Ambars.

33. The figures for Assam and Delhi need not be commented upon, as the number of Ambars distributed is small and the work was in its initial stages. In Bombay and Bengal, however, there seems to be a clear under-utilization of instructors. In the other States, except Bihar, the average per instructor is either a little less or a little more than 25. In Bihar, the proportion is high, *i.e.*, 59.3, and is presumably accounted for by the fact that the Bihar Khadi Gramodyog Sangh has supplemented its trained personnel by utilizing the services of promising trainees as instructors.

34. The extension of period of training in 1958-59 for instructors, however, is clear proof that instructors trained during the first two years at the specially set up *vidyalayas* for them did not have the time to acquire even adequate technical competence for their field work, and consequently, were responsible for the inadequate training of spinners during the first two years. The serious short-comings of the Ambar programme, it can be safely assumed, are due, in a large measure, to the poor quality of training and its insufficiency.

35. The wide range of variations among the States between the proportion of the trained carpenters and the number of Ambars distributed shows : (i) that generally the number of carpenters trained is much less than the standard proportion of 1 to 50 provided for in the scheme; (ii) the pressure on carpenters varies widely from 43 in Bombay to 459 in Madras; and (iii) this disproportion shows that the standard laid down by the Khadi Commission not being adhered to, evils like lack of servicing facilities for Ambars in operation and the training of spinners in the maintenance of Ambars, which are known to have created serious difficulties in the implementation of the Ambar programme, have not been remedied.

Spinners

36. Except during 1957-58, the number of spinners trained was smaller than the prescribed targets. During 1956-57 and 1958-59, the number of spinners trained was 48,669 and 1,14,686, respectively, as against the targets of 70,000 and 1,50,000; and in 1957-58 1,20,278 as against the target of 1,20,000. In spite of short-fall in the training of spinners, the number of Ambars distributed was only 2,45,015, as against 2,83,633 trained spinners. About 14 per cent of the spinners trained did not receive Ambars for independent operation, as shown in Table 6.

TABLE 6
Training of Spinners

State	No. of spinners trained			Total	Total number of Ambars distributed	% Wastage
	1956-57	1957-58	1958-59			
1. Andhra	5,300	9,035	14,713	29,048	26,817	7.68
2. Assam	10	37	939	986	366	62.88
3. Bihar	6,000	22,338	32,170	60,508	48,171	20.39
4. Bombay	7,357	9,135	5,410	21,902	18,807	14.13
5. Delhi	157	469	350	976	866	11.27
6. Jammu & Kashmir	—	56	174	230	203	11.74
7. Kerala	562	2,235	3,883	6,680	5,346	19.97
8. Madhya Pradesh	827	3,078	2,558	6,463	6,254	3.23
9. Madras	1,869	4,177	8,377	14,423	13,313	7.70
10. Mysore	4,522	5,857	4,130	14,509	12,837	11.52
11. Orissa	687	2,678	5,488	8,853	4,940	44.20
12. Punjab	2,068	8,950	7,857	18,875	18,356	2.75
13. Rajasthan ..	6,029	12,324	6,466	24,819	19,584	21.09
14. Uttar Pradesh ..	12,434	36,137	16,295	64,866	61,953	4.49
15. West Bengal ..	847	3,772	5,876	10,495	6,542	37.67
TOTAL	48,669	1,20,278	1,14,686	2,83,633	2,45,015*	13.62

*State-wise break-up not available for 660 Ambars.

37. The State-wise figures in Table 6 do not reflect the actual extent of the wastage in training. Apart from the number of spinners, to whom Ambars were not distributed, because of their unwillingness to take them for independent operation, a considerable number, we were told, returned Ambars to the institutions because they were defective or they could not work on it for want of regular supply of cotton. Moreover, according to the institutions, about 40 per cent of Ambars distributed to spinners are inactive and the 60 per cent "active" Ambars are also under-utilised. A considerable portion of the expenditure and effort on training of spinners, it appears to us, has been wasted. It is clear that in the selection of trainees sufficient care was not taken to assess the willingness of trainees to operate Ambars.

Weavers

38. During 1957-58, the Commission extended financial assistance for the training of weavers in the use of hand-spun yarn through specially appointed weaving instructors. During 1957-58 and 1958-59, 216 instructors were appointed and 13,519 weavers were trained. The details of the State-wise appointment of instructors and training of weavers are shown in Table 7.

TABLE 7
Training of Weavers

	No. of instructors appointed	No. of weavers trained	No. of weavers trained per instructor
1. Andhra	19	4,356	229
2. Bihar	12	1,016	85
3. Bombay	16	640	40
4. Delhi	2	60	30
5. Jammu & Kashmir	1	20	20
6. Kerala	10	98	10
7. Madhya Pradesh	5	290	58
8. Madras	3	110	37
9. Mysore	15	400	27
10. Orissa	6	240	40
11. Punjab	18	300	17
12. Rajasthan	33	1,780	54
13. Uttar Pradesh	67	3,809	57
14. West Bengal	9	400	44
TOTAL	216	13,519	63

39. It is not possible to compare the number of instructors appointed with the number of weavers trained. Handloom weavers of mill yarn are trained over a period ranging between one to three months according to their individual skill. Some of the institutions also train weavers for the production of special varieties of cloth.

V. PRODUCTION

40. Production of yarn and cloth during each of the three years of the Second Plan period has fallen short of the prescribed targets. As against the targets of 22.5 lakh sq. yds. in 1956-57, 150 lakh sq. yds. in 1957-58 and 250 lakh sq. yds. in 1958-59, production amounted to 18.8, 111.5 and 240.4 lakh sq. yds., respectively. The shortfall in production during 1958-59 was smaller than in the other two years, as can be seen from the details presented in Table 8.

TABLE 8
Production of Yarn and Cloth

State	1956-57		1957-58		1958-59	
	Yarn (lakhs lbs.)	Cloth (lakh sq. yds.)	Yarn (lakh lbs.)	Cloth (lakh sq. yds.)	Yarn (lakh lbs.)	Cloth (lakh sq. yds.)
1. Andhra	0.35	0.28	1.71	11.28	3.92	49.12
2. Assam	—	—	—	—	0.02	—
3. Bihar	0.70	1.32	2.42	7.69	6.24	21.94
4. Bombay	0.37	0.69	1.09	2.69	1.67	4.39
5. Delhi	0.01	0.01	0.03	0.38	0.05	0.26
6. Jammu & Kashmir	—	—	0.03	0.12	0.04	0.08
7. Kerala	0.12	0.22	0.46	1.34	0.96	2.84
8. Madhya Pradesh	0.10	—	0.61	0.44	1.09	1.74
9. Madras	1.35	3.03	1.30	8.03	3.00	13.35
10. Mysore	0.46	0.58	0.95	3.26	1.68	6.47
11. Orissa	0.03	0.07	0.49	1.35	1.16	3.40
12. Punjab	0.44	0.59	2.56	11.13	3.22	17.93
13. Rajasthan	0.59	2.07	2.13	10.12	3.06	15.95
14. Uttar Pradesh	2.40	9.51	9.41	52.33	11.54	99.61
15. West Bengal	0.11	0.24	0.33	1.29	0.75	3.26
TOTAL	7.03	18.79*	25.43@	111.45	38.40	240.38

*State-wise break-up for 0.12 lakh sq. yds. of cloth is not available.

@State-wise break-up for 1.91 lakh lbs. of yarn is not available.

41. It is, however, necessary to point out a special feature in the production of cloth under this scheme. The Khadi Commission decided to produce "mixed" cloth by using Ambar yarn for warp and traditional *charkha* yarn for weft²⁶, instead of producing "pure" Ambar cloth to avoid the difficulty arising out of pure Ambar cloth being sold cheaper than traditional Khadi owing to its lower cost. Production, shown in Table 8, refers to this mixed variety of cloth. The study of the table, however, shows that the percentage of "mixture" varied from State to State. At the rate of 3.6 sq. yds. per lb. of yarn, as suggested by the Khera Committee,²⁷ total production of cloth that could have been achieved with 38.4 lakh lbs. of yarn is 138.24 lakh sq. yds., as against the production of 240.38 lakh sq. yds. shown in Table 8. This means that 43 per cent of the reported production was due to the use of traditional *charkha* yarn. It is, however, well-known that between the production of yarn and its conversion into cloth, there is a considerable time-lag. If allowance is made for this normal delay, contribution of the traditional *charkha* yarn to the reported production would probably be higher. That this conclusion is valid can be seen from the comparative study of yarn and cloth production in different States.

42. Production of yarn in Andhra during 1958-59 was 3.92 lakh lbs., which, at the rate of 3.6 sq. yds. to the lb., are equivalent to only 14.11 lakh sq. yds. of cloth, whereas the actual reported production is 49.12 lakh sq. yds. Over the three-year period, production of yarn in Andhra amounted to 5.98 lakh lbs., which would be equivalent to 21.53 lakh sq. yds. of cloth only, as against the total production over the three-year period of 60.68 lakh sq. yds. This conclusively shows that two-thirds of the production in this State was with traditional *charkha* yarn and only a third with Ambar yarn. A similar analysis of the figures of Uttar Pradesh shows a production of 23.35 lakh lbs. of yarn over the three-year period equivalent to a production of 84.06 lakh sq. yds. of cloth, as against the reported production of 161.45 lakh sq. yds., showing thus that traditional *charkha* yarn contributed nearly one-half to the total production. Similar trends in production are noticeable in all major States. In Bihar, accumulated stocks of yarn are known to be high; but also in the States of Kerala, Madhya Pradesh, Mysore and Orissa, as indicated in Table 8, there has been large accumulation of Ambar yarn.

43. To assess rightly the progress of the programme, it is necessary to analyse trends in the production of yarn. The relevant data are presented in Statement 12(i). During 1958-59, production of yarn amounted to 38.4 lakh lbs. with 2,45,000 Ambars. Assuming that the production of yarn was an average of 18 counts. (this also is an optimistic estimate), and the work period was 200 days in the year, productivity per day per Ambar works out to 1.38 hanks. If Ambars distributed till the end of March 31, 1958 only are taken as productive

26. Proceedings of the All India Khadi & Village Industries Board, July 12 and 13, 1956, Item 8.

27. Op. Citt. p. 50.

during 1958-59, productivity per Ambar works out to only 2.26 hanks per day.²⁸ The later assumption also is only partially valid. Actual production of Ambar may be taken somewhere between 1.38 and 2.26 hanks per day or, say, 1.82 hanks per day.

44. On the assumption that an Ambar was worked for 200 days and for only 4 hours per day, production per Ambar per year should be 800 hanks of yarn equivalent to roughly 200 sq. yds. of cloth. In fact, on the basis of the reported production of cloth, which, as pointed out earlier, includes a substantial amount of traditional *charkha* yarn, production per Ambar works out to 98 sq. yds. per year. If production is calculated excluding traditional *charkha* yarn, production of yarn per Ambar works out to an equivalent of 56 yds. or about a fourth of the estimated production. Analysis of these figures, State-wise, shows that under-utilization is common to all States in the country, the extent of under-utilization being some-what smaller in Orissa and Madras.

VI. EMPLOYMENT

45. Ambar provided partial employment to 2,45,015 spinners and 18,771 weavers, and employment to 20,035 other categories of personnel. The details of the State-wise employment of different categories of personnel are shown in Statement 13.

46. It is necessary here to point out that the reported employment of spinners assumes that every Ambar distributed is active. We were, however, informed by the heads of institutions that between 35 to 45 per cent of the Ambars distributed are almost wholly idle. In some parts of the country the percentage of inactive Ambars is as high as 70, and in some others as low as 25. We estimate that about 40 per cent of Ambars distributed may be taken to be idle. There is, as stated by us already, considerable under-utilization among even the 60 per cent of the so-called active Ambars.²⁹

Ambar Work in C.D. Areas

47. In accordance with the recommendations of the Khera Committee, the Commission agreed to assist the officials of the Community Development Ministry to implement the Ambar programme in the C.D. and N.E.S. blocks and for this purpose sanctioned funds to State Boards and State Governments. So far, however, the Commission has not specifically earmarked funds for work in the C.D. areas.

48. The data presented in Statement 14 shows that, though by the end of 1958-59 the Community Development Programme has been extended to cover most of the areas in which institutions had organized and developed Khadi work earlier, there is no connection between production organized by institutions and the C.D. programme. The

28. For a more detailed analysis see Chapter 8.

29. For a more detailed analysis see Chapter 8.

former is completely independent of the latter and has not been materially benefited by the inclusion of the areas served by the institutions in the C.D. programme. This fact has been brought out in the analysis given below.

49. Hand-spinning has been introduced in most pilot project areas and, in terms of the number of persons trained, the Khadi programme easily occupies the first place, "60 per cent of all persons trained in 7 crafts belonging to this craft alone."⁸⁰ From another point of view as well, Khadi programme is the most important because over 90 per cent of the trainees have taken to the craft.⁸¹

50. It is, however, clear that almost all the persons admitted for training on Ambar were new to hand-spinning.⁸² It must be pointed out that admission of spinners for training has been, as in the case of the work organized outside the project areas, haphazard⁸³; and there has been no attempt to relate the volume of training "with the pattern of demand for goods and services and the relative scope for the development of different industries."⁸⁴ The bulk of the trainees would appear to have sought admission to the *parishramalayas* because of the stipends available,⁸⁵ though some of them are known to have undergone training to learn a new craft,⁸⁶ the use of improved tools⁸⁷ and in a few cases to achieve higher productivity.⁸⁸

Organization

51. Although the Ambar programme in the project areas is of very recent origin, quite a number of cooperatives of artisans has been organized; and 54.59 per cent of the loans were distributed to cooperative societies and the balance to individuals.⁸⁹ Most of the cooperatives were organized by the project officials or by others,⁴⁰ and the main incentive for their organization "appears to be the desire to take advantage of grants and loans available from the Government".⁴¹ Most of the cooperative societies are small in size with meagre resources, the "overall proportion of owned to total funds being about a third".⁴²

52. By and large, Khadi cooperatives had artisans as their members. The majority of them, however, were wage earners in search of a subsidiary source of income than workers on their own account. The

30. *The Sixth Evaluation Report on the Working of the C.D. and N.E.S. Blocks*, P.E.O., Planning Commission, 1959, p. 34

31. *Ibid*, p. 35

32. *Ibid*, p. 35

33. *Ibid*, p. 35

34. *Ibid*, p. 34

35. *Ibid*, p. 38

36. *Ibid*, p. 37

37. *Ibid*, p. 37

38. *Ibid*, p. 39

39. *Ibid*, pp. 44-45

40. *Ibid*, p. 58.

41. *Ibid*, p. 58

42. *Ibid*, p. 60

cooperatives organized in the pilot project areas have not promoted any genuine cooperation because "the average member seems to be rather ill-informed about his own society, which is an indication of the small interest he takes in its affairs. . . . these are dismal indices of the state of cooperative education of members and even of officials; they are a poor basis for efficient, democratic operation of the societies".⁴³

53. The Khadi cooperative societies appear to have provided the maximum volume of assistance to their members in the procurement and supply of raw material, distribution of improved implements and tools and disposal of goods⁴⁴ and, comparatively speaking, Khadi cooperatives were not hampered for want of funds.⁴⁵

54. In spite of this evidence of interest in the Khadi programme, there has been no effective administrative coordination at any level. "In none of the 15 projects were the field workers of the Khadi and Village Industries Commission reported to be working in close contact with the C.P.O. (I). Indeed, in a good number of instances, the C.P.O.(I) had even no knowledge of the activities of these workers"⁴⁶, although the only all-India body with its own field agency is the Khadi Commission. In the planning of the programme for the project area, "all-India bodies seldom participate."⁴⁷ Secondly, although compared to the operational methods of other Boards the Khadi Commission sanctioned funds more expeditiously, the programme suffered from undue delays, rigidity of pattern and unimaginative approach. The differential scales of assistance available from different all-India bodies also have contributed to a number of difficulties in the actual implementation of the scheme.⁴⁸ In brief, the work done in the C.D. Blocks is poor in volume and generally has not made any attempt to implement the recommendations of the Khera Committee.

Study Team on Project Areas

55. The Study Team, appointed recently by the Ministry of Community Development and Cooperation "to survey the work of pilot projects to assess their contribution to the programme of Community Development and to examine the structure and functions with a view to suggesting correctives"⁴⁹, is generally in agreement with the assessment of work in the pilot project areas summarised above. The Study Team is of the opinion that progress in only three of the twelve projects visited by it is satisfactory.⁵⁰ It attributes the failure of the development programmes for Khadi, village and small-scale industries in

43. Ibid, p. 61

44. Ibid, pp. 62-63

45. Ibid, p. 64.

46. Ibid, p. 69.

47. Ibid, p. 69.

48. Ibid, p. 72

49. *Report of the Study Team on Community Development: Industrial Pilot Projects*, Ministry of Community Development and Cooperation, December 1959, p. 1.

50. Ibid, Chapter II.

the Pilot Project Areas to (i) indifference of the State Governments,⁵¹ (ii) rigidity of the pattern of financial assistance,⁵² (iii) lack of effective coordination between different all-India bodies and the administration at the project level,⁵³ (iv) inadequacy of staff and frequent transfer of personnel in charge of the programmes,⁵⁴ and (v) lack of delegation of authority to the officers at the project level.⁵⁵

56. Practically no effort has been made, according to the Study Team, to awaken local interest in the development programmes and encourage local participation in the community effort.⁵⁶ In areas where local institutions, such as Panchayats or Block Development Committees took interest in the work or local entrepreneurs participated, a satisfactory measure of progress was achieved.⁵⁷ The Team is definitely of the opinion that "the programme should cease to be an exclusively departmental protegee".⁵⁸

57. Khadi has not made much headway except in the pilot project area, Kakinada-Peddapuram. The success in this area, according to the Team, is due to the absence of any marketing problem because "the entire production is taken over by the Khadi Commission for sale through its net work of marketing organizations".⁵⁹

58. Although generally funds sanctioned have been fairly well utilized, the distribution among the pilot projects was uneven, 75 per cent of the total funds being distributed among 9 areas.⁶⁰ The Team is of the opinion that "the projects have high-lighted the need for closest possible integration and coordination of rural industries' programme with the general programme of village development, on the one hand, and with the general industrialization programme, on the other. These pilot projects should become an integral part of the programme of development of small industries in each State under the Third Plan."⁶¹ The Team suggests that programmes should be drawn up to accord with the needs and possibilities of expansion in the pilot area, instead of attempting to implement programmes drawn up on an all-India basis.⁶² The Team suggests that the programme should be planned and implemented as an integral whole and not as a separate programme of the different all-India bodies.⁶³

51. Ibid, p. 57

52. Ibid, p. 61

53. Ibid, p. 61

54. Ibid, p. 62

55. Ibid, p. 62

56. Ibid, p. 59

57. Ibid, p. 59

58. Ibid, p. 59

59. Ibid, p. 59

60. Ibid, p. 10

61. Ibid, p. 68

62. Ibid, p. 81

63. Ibid, p. 92

Conclusion

59. Ambar has had a special place of its own in the preparation and implementation of Khadi programme. Improvement of technique, which it provided for and promised, held out the prospect of increasing production and productivity, raising the level of wages and making a material contribution to the reduction of unemployment in rural areas. Actual production, however, has fallen very much below even the revised programme of reduced production. Output per Ambar is as low as 1.82 hanks per day, as against 6 assumed by the Khera Committee; and though the earnings have increased, they have not increased in proportion to the organizational effort and investment.⁶⁴ At least 40 per cent of the spinning units are inactive and are an index of so much loss of invested capital and non-utilisation of productive capacity. Increased output per unit has in fact led to embarrassing surpluses of production; and the institutions have slowed down the rate of expansion and are displaying considerable amount of reluctance to go ahead with the programme of Ambar development. Ambar has not proved to be a unit which can be maintained and repaired by the spinners themselves, and special service facilities have had to be provided for the purpose; and yet it is reported that a large number of Ambars cannot be plied, owing to their being in a state of disrepair. The atmosphere of buoyancy and hope with which the programme was introduced in 1956-57, has given place to great deal of scepticism and, in some cases, even gloom; and the institutions themselves seem to have lost their initial interest in, and enthusiasm for, Ambar. The problem of marketing, as stated in Chapter 6, has assumed serious dimensions and, in some cases, large stocks of yarn and, in others, of cloth have accumulated; and conditions at present are not favourable for further expansion of Ambar production.

60. Some of the more important conditions which were specifically mentioned by the Khera Committee as necessary for the successful introduction and development of the Ambar programme, have definitely not been fulfilled. The programme has not been based upon conscious effort to produce for use rather than for sale; and need for self-sufficiency to which the Committee attached very great importance, has been lost sight of. Moreover, the other object which also the Committee emphasized, *i.e.*, making Ambar programme a part of the whole development programme, has also not been paid any heed to; and expansion of the programme has been unrelated to the incidence of unemployment and the need for providing at least palliatives, if not a cure for it. Again, the need for integration of Ambar programme with the C.D. programme, which the Committee considered essential for both the programmes, has also received scant attention; and the C.P.A. has hardly contributed to its growth and success. This is due more, as stated above, to the limitation of the C.P.A. rather than Khadi institutions. The fact, however, remains that the C.P.A. and the Khadi organizations have moved in independent orbits of their own and have not contributed materially to each other's achievements and activity.

⁶⁴. See Chapter 8

The object of introducing and developing Ambar in areas, where cotton is locally grown, has also been in practice disregarded and, in some of the most important cotton growing areas like Bombay and Madhya Pradesh, Ambar production is so low as to be practically non-existent. The Khera Committee had also recommended that the weavers' families should receive special attention for training in Ambar spinning. That has not been done, and weavers as a class are known to need special incentives to weave cloth from Ambar yarn, and even the quality of the latter has not given general satisfaction. In short, the conditions, which were held to be essential for the success of the Ambar programme, have not been fulfilled, and the benefits accruing to the artisans and the community have fallen short of the expectations and the potentials of the programme.

61. These rather depressing conclusions do not, however, logically point to the overall conclusion that Ambar programme has to be written off and should have no place in the development effort of the community. The logic of the facts in rural areas points to the inescapable necessity of making the decentralized sector, including Ambar, an important constituent of the development of the economy as a whole and rural economy in particular. The possibilities of Ambar, as stated by us later, instead being exhausted can, through the full utilization of its present potential and through further technical research and improvement, be greatly developed, and can be one of the bases of building up a new and prosperous rural economy. It is, however, necessary to make Ambar an integral part of an all-round effort to create a new rural economy, and base it upon different premises of thought and action. Ambar cannot, and was not, meant to stand by itself. It required not only an efficient organization but also a cadre of competent and devoted workers for the implementation of the programme. We may be permitted to repeat that none of the essential conditions laid down by the Khera Committee has been fulfilled; and, therefore, the meagre results referred to above, show not the failure of Ambar, but inadequacy of approach and effort. We, in our proposals, have indicated what can be done to retrieve the situation and carry forward the programme of Ambar development.

CHAPTER 6

PRODUCTION AND SALE

We have pointed out in Chapter 4 that during the six-year period the number of institutions in charge of production of Khadi in different States increased substantially. The number of institutions, by itself, does not convey a clear idea of either the volume of their respective operations or their importance to Khadi work. We do not, however, have complete data for all the Khadi institutions. The data presented in Table 1 cover only 326 of the 380 certified Khadi institutions.

TABLE 1

Classification of Institutions in 1958-59 by Annual Production

State	Below Rs. 30,000	Bet- ween Rs. 30,000 and 50,000	Bet- ween Rs. 50,000 and 1 lakh	Bet- ween Rs. 1 and 3 lakhs	Bet- ween Rs. 3 and 5 lakhs	Bet- ween Rs. 5 and 10 lakhs	Bet- ween Rs. 10 and 25 lakhs	Bet- ween Rs. 25 and 50 lakhs	Bet- ween Rs. 50 and 75 lakhs	Above Rs. 75 lakhs	Total
1. Andhra ..	10	7	—	3	2	—	—	1	1	—	24
2. Assam ..	1	1	1	—	—	—	—	—	—	—	3
3. Bihar ..	12	—	1	—	—	—	—	—	—	1	14
4. Bombay	63	5	7	4	1	2	—	—	—	—	82
5. Delhi ..	1	—	—	—	—	—	—	—	—	—	1
6. Jammu and Kashmir.	—	—	1	—	—	—	—	—	—	—	1
7. Kerala ..	24	6	2	2	1	—	—	—	—	—	35
8. Madhya Pradesh.	10	1	—	1	—	1	—	—	—	—	13
9. Madras ..	5	—	1	—	1	—	1	—	1	1	10
10. Mysore ..	5	5	1	10	—	—	—	—	—	—	21
11. Orissa ..	1	—	1	—	—	—	—	—	—	—	2
12. Punjab ..	1	2	—	1	—	—	2	1	—	1	8
13. Rajasthan	23	1	3	4	4	—	1	—	1	—	37
14. Uttar Pra- desh.	28	3	9	5	1	3	—	—	—	1	50
15. West Bengal	17	3	1	—	3	—	1	—	—	—	25
TOTAL	201	34	28	30	13	6	5	2	3	4	326

2. From the data in Table 1, it can be seen that of the 326 certified institutions, 235 institutions produce less than Rs. 50,000 worth of Khadi per year. The number of institutions with an annual production worth Rs. 5 lakhs and more is only 20. Of these, 6 institutions produce Khadi worth between Rs. 5 and Rs. 10 lakhs, 7 between Rs. 10 and Rs. 50 lakhs and another 7 over Rs. 50 lakhs per year. Of the 235 institutions, as many as 201 have an annual production of less than Rs. 30,000; and of the 4 institutions, which produce more than Rs. 75 lakhs per year, 2 institutions produce over Rs. 1 crore a year.

3. Medium-sized institutions with an annual production of between Rs. 5 and Rs. 50 lakhs are 13 in number, one each in Andhra, Madhya Pradesh, Madras, Rajasthan and West Bengal, 2 in Bombay and 3 each in Punjab and Uttar Pradesh. Large institutions with an annual production exceeding Rs. 50 lakhs a year, were only 7, one each in Andhra, Bihar, Rajasthan, Punjab, Uttar Pradesh and 2 in Madras. While Shri Gandhi Ashram, Lucknow and Bihar Khadi Gramodyog Sangh, Muzaffarpur, produce annually over Rs. 1 crore worth of Khadi, Hyderabad Khadi Samiti, Tamilnad Sarvodaya Sangh and Rajasthan Khadi Sangh, Chomu, produce Khadi worth more than Rs. 50 lakhs per year and, together with Shri Gandhi Ashram and Bihar Khadi Gramodyog Sangh, account for over 80 per cent of the total production. The analysis, thus, shows that six States, viz., Uttar Pradesh, Bihar, Punjab, Rajasthan, Andhra and Madras, dominate Khadi work in the country.

TABLE 2
Percentage shares of States in Production and Sale

State	1957-58		1958-59	
	Production	Sale	Production	Sale
1. Andhra	14·17	8·73	15·07	7·57
2. Assam	0·05	0·20	0·05	0·50
3. Bihar	17·13	8·59	13·48	6·96
4. Bombay	2·52	24·62	3·56	26·12
5. Delhi	0·49	3·74	0·79	4·04
6. Jammu and Kashmir	0·11	0·08	0·07	0·13
7. Kerala	0·94	1·22	1·15	1·19
8. Madhya Pradesh	0·90	2·12	0·94	3·23
9. Madras	17·45	11·74	14·95	9·64
10. Mysore	2·33	7·10	2·38	6·69
11. Orissa	0·97	0·44	1·01	0·24
12. Punjab	10·97	5·13	14·58	7·75
13. Rajasthan	6·69	4·11	9·86	5·26
14. Uttar Pradesh ..	24·39	20·23	20·89	17·78
15. West Bengal ..	0·89	1·95	1·30	2·90
TOTAL ..	100·00	100·00	100·00	100·00

Concentration of Khadi Work

4. Even in these traditional Khadi producing States, production of Khadi has not been organized in new areas. We were not able to obtain data on the number of districts covered by the work since 1953-54, from the large institutions. From the statements made by the heads of the institutions, it is clear that the bulk of the expansion of work, under both traditional and Ambar Khadi schemes, has been in the areas where the institutions had organized Khadi work prior to the appointment of the All India Khadi and Village Industries Board. During the last six years, institutions have intensified their activities in the traditional areas and districts rather than extended them to new districts, except on a marginal scale. In fact, the increase in the number of institutions or agencies in several States has resulted not in an extension of Khadi work to new areas, but in a further concentration of work in the same areas, where the old institutions were already working. That this conclusion is valid is more than borne out by the data given in Table 3.

TABLE 3
Production of Khadi since 1938

				(Rs. lakhs)				
State				1938	1943-44	1948-49	1953-54	1958-59
1. Andhra .. ..	..	..	..	4.61 (8.40)	10.02 (7.72)	5.78 (5.53)	22.61 (12.75)	154.40 (14.68)
2. Assam .. ..	..	..	..	0.01 (0.02)	0.08 (0.06)	—	0.09 (0.05)	1.18 (0.11)
3. Bihar .. ..	..	..	..	6.13 (11.17)	14.25 (10.98)	16.91 (16.20)	11.29 (6.37)	133.79 (12.72)
4. Bombay .. ..	..	..	..	5.99 (10.92)	18.45 (14.23)	5.06 (4.84)	4.89 (2.76)	37.91 (3.61)
5. Delhi .. ..	..	..	..	—	—	—	0.01 (0.01)	6.54 (0.62)
6. Jammu & Kashmir ..	..			2.31 (4.21)	10.24 (7.89)	3.19 (3.05)	0.06 (0.03)	0.58 (0.06)
7. Kerala .. ..	..	..	..	1.12 (2.04)	4.71 (3.63)	4.02 (3.85)	1.55 (0.87)	11.23 (1.07)
8. Madhya Pradesh ..	..			—	—	0.40 (0.38)	3.88 (2.19)	10.22 (0.97)
9. Madras .. ..	..	..	..	16.57 (30.20)	35.35 (27.25)	33.02 (31.62)	61.05 (34.42)	175.69 (16.71)
10. Mysore .. ..	..	..	..	2.09 (3.81)	6.14 (4.73)	3.98 (3.81)	5.98 (3.37)	27.57 (2.62)
11. Orissa .. ..	..	..	..	0.42 (0.77)	1.81 (1.39)	—	2.73 (1.54)	10.70 (1.02)
12. Punjab .. ..	..	..	..	3.12 (5.69)	7.13 (5.49)	1.82 (1.74)	8.33 (4.69)	153.91 (14.64)
13. Rajasthan .. ..	..	..	..	2.06 (3.76)	6.67 (5.14)	2.74 (2.62)	16.23 (9.15)	105.47 (10.03)
14. Uttar Pradesh ..	..	..	..	7.97 (14.53)	10.14 (7.81)	27.53 (26.36)	36.12 (20.37)	207.29 (19.71)
15. West Bengal .. ..	..	..	..	2.46 (4.48)	4.77 (3.68)	—	2.53 (1.43)	15.05 (1.43)
TOTAL ..				54.86	129.76	104.45	177.35	1051.53

Note—Figures in brackets indicate percentages to the respective totals.

5. Between 1938 and 1958-59, the relative position of different States and institutions, with a few exceptions, has remained more or less the same. Uttar Pradesh and Bihar continue to account for 20 and 13 per cent, respectively, of the total Khadi production in the country. Madras, which accounted for 30 to 35 per cent of the total production between 1938 and 1953-54, has, however, lost ground, and in 1958-59 accounted for only 17 per cent of the total production. The only major changes in the relative position of different States since 1953-54 have been in Andhra, Punjab and Rajasthan. Andhra and Punjab now account for 15 per cent of the total production, as compared with 8.4 and 5.7 per cent in 1938 and 7.7 and 5.5 per cent in 1943, and Rajasthan for 10 per cent, as compared with 3.8 in 1938 and 5.1 in 1943. Most of the expansion of production in these States, however, is in the traditional areas, where Khadi institutions had organized work earlier. Even in Andhra, production centres of the Commission are in areas where the A.I.S.A. had organized Khadi work.

6. So far as we were able to understand from our discussions with prominent Khadi workers in the field, in selecting centres of activity and allocating responsibility to different institutions for the implementation of the Khadi programme, there does not appear to have been any attempt to correlate work with the incidence of unemployment and under-employment. Allocation of work appears to have been wholly determined by considerations of the capacity of an institution to implement a given size of a programme from year to year, irrespective of the need for extension of the work to new areas, the incidence of unemployment and otherwise the conditions being favourable for Khadi work.

Production

7. Production of all types of Khadi, excluding self-sufficiency production, amounted to 62.35 million sq. yds. during 1958-59. Of this, 57.87 million sq. yds. or 92.8 per cent were cotton, 3.04 million sq. yds. or 4.9 per cent were woollen, and 1.45 million sq. yds. or 2.3 per cent were silk. Of the 57.87 million sq. yds. of cotton Khadi, 33.83 million sq. yds. were traditional Khadi and 24.04 million sq. yds. mixed Khadi. If allowance is made for the use of traditional *charkha* yarn in the production of mixed Khadi, it would appear that 78 per cent of the total production of cotton Khadi was from traditional *charkha* yarn and about 22 per cent from Ambar yarn.

8. The analysis of the State-wise production of Khadi shows that of the total production of 57.87 million sq. yds., 6 States, viz. Uttar Pradesh, Bihar, Punjab, Rajasthan, Andhra and Madras produced 51.36 million sq. yds. or 88.8 per cent (see Statements 3, 5 and 6). The balance of 6.51 million sq. yds. were shared by 11 other States in the country. Among the six major Khadi producing States, the share of Uttar Pradesh was 12.0 million sq. yds., of Madras and Andhra 8.7 million sq. yds. each, of the Punjab 8.4 million sq. yds., of Bihar 7.8 million sq. yds., and of Rajasthan 5.7 million sq. yds.

Composition of Production

(a) Cotton

9. We were not able to obtain detailed information on the changes in the composition of production during the six-year period. The statements made by the heads of the major Khadi institutions (in Bihar, Uttar Pradesh, Punjab and Rajasthan) show that, in spite of sizeable increase in production, nearly 80 per cent of the total production of traditional Khadi consists of cloth woven from 8's to 16's. In the four major States, viz., Bihar, Uttar Pradesh, Punjab and Rajasthan, there has been no change in the counts of yarn produced on the traditional *charkha*, but all of them claimed that the quality of yarn spun on the traditional *charkha* has steadily improved during the period.

10. Since the introduction of Ambar, the counts of yarn spun have improved to 18's on the average. In Bihar, Uttar Pradesh and Punjab, the counts of yarn spun by spinners on Ambar are reported to be in the range of 18's to 30's. In Bihar, spinners prefer *navasari* cotton, from which they spin counts between 25's and 40's. In Punjab, the counts of yarn spun vary between 18's and 30's, and in Uttar Pradesh and Rajasthan between 16's and 24's.

11. Although the bulk of the production of yarn on the traditional *charkha* in Andhra and Madras consists of yarns below 20's, in both States fine yarn spinning, in which they excel, has continued; but the proportion of fine yarn to the total production of yarn produced is small. In brief : during the six-year period, there has been no appreciable shift to the production of finer counts of yarn and cloth in traditional Khadi. The introduction of Ambar and production of higher counts of yarn, particularly in the major Khadi producing States has, however, been a source of difficulty, because of the general reluctance of handloom weavers of the requisite skill and efficiency to take to weaving even Ambar yarn.

12. Though, as stated above, statistical information on the changes in composition is lacking, on the basis of the statements made by the heads of the institutions and the replies to the questionnaire sent by them, the following comments on the changes in the variety of cloth produced can be made.

13. During the six-year period, there has been considerable expansion of and technical improvement in dyeing and printing in most major Khadi producing States. Special arrangements for printing in single and multi-colours have been made in Uttar Pradesh, Bihar, Madras, and Bombay. Many of the institutions in these States have recently made arrangements for screen printing, but Bombay has special facilities in this regard. Many institutions, therefore, send their cloth to Bombay for printing, particularly for multi-colour designs. Several institutions have now their own dye-houses to dye cloth in popular shades. The volume of cloth dyed and/or printed, according to most

of the institutions is, however, about 20 per cent of the total output of cloth. In other words, the technical improvements effected in the quality of production during the six-year period consist of (i) improvement in the general quality of yarn, though not in its count; (ii) production of qualitatively better and larger number of varieties of cloth, but they continue to be woven from counts between 8's and 16's; and (iii) considerable expansion of facilities for dyeing and printing, particularly in Bombay.

Wool

14. Production of woollen Khadi is quantitatively insignificant to the total production of Khadi. Quality of woollen Khadi has improved considerably due to the introduction of mechanized carding, which facilitates mixture of indigenous raw wool with imported varieties, and the introduction of mechanized finishing, particularly calendaring. The Khadi Commission has decided to introduce mechanized carding and finishing in all wool producing areas.

15. Although the draft proposals of the former Board¹ for the expansion and development of woollen Khadi industry were accepted by the Karve Committee² and by the Planning Commission,³ no serious attempt has been made to implement the programme. As pointed out in Chapter 4, production of woollen Khadi in Rajasthan, Punjab and Delhi, each of which produces raw wool of good quality (see Chapter 4), bears no relation to the availability of raw material. Except in Jammu and Kashmir and in Almora district of Uttar Pradesh, the quality of woollen Khadi remains more or less the same as before the establishment of the All India Khadi and Village Industries Board. We were not able to ascertain the reasons for the total absence of any effort to expand woollen production notwithstanding the acceptance of the original proposals of the Board by the Planning Commission. There has been no research in improvement of hand-spinning of wool or its instrument. This, obviously, calls for explanation, which, however, has not been forthcoming. We regard this lack of any earnest effort to improve the spinning instrument or raise the level of efficiency in spinning and weaving of wool a serious omission. Decentralized spinning and weaving of wool has great possibilities in the country, particularly in the States in which raw material is available in abundance. We do hope that, in the next stage of development, this omission would be more than made up.

1. Draft *Second Five Year Plan*, All India K. & V.I. Board (1955), Chapter 12. The Board's development scheme for the cottage woollen industry provided for a progressive improvement in the technical efficiency and productivity of artisans through training of artisans in the use of improved carding machines, *charkhas* and looms and through the provision of facilities for mechanized milling, raising and finishing at specially organized central finishing centres. During the Second Plan period, the programme envisaged the development of a production potential of 10 lakh yds. of blanketing cloth and 35 lakh yds. of other varieties. The entire programme was accepted by the Planning Commission.

2. Op. Citt., pp. 44-45.

3. Op. Citt., p. 445.

16. In spite of the fact that woollen Khadi has hardly received any attention from the point of view of improvement of technique and protection of spinners, woollen Khadi continues to enjoy rebates on sales. This has, in practice, given rise to serious abuses, particularly in the case of coarse blankets; and Khadi Commission, we have been told, has had to take corrective action. It is, in our opinion, necessary to review the whole position in regard to the continuance of rebate. There seems to be a *prima facie* case for its discontinuance; and if the results of the enquiry show that the rebate in fact is not resulting in improvement of quality, higher earnings for spinners and weavers, or even expansion of sale, it should be withdrawn, and the whole effort concentrated upon improving the technique of spinning and weaving and creating an organisation equal to the task of making woollen Khadi a significant source of woollen cloth for the country.

Silk

17. According to the information supplied by the Central Silk Board, production of mulberry silk in the country increased from 19.7 lakh lbs. in 1953 to 2.53 million lbs. in 1958, and of non-mulberry silk from 5.5 lakh lbs. to 7 lakh lbs. during the corresponding period. Details of the State-wise production of different varieties of raw silk are presented in Statement 15. As shown in Table 4, nearly two-thirds of the production of raw silk is reeled on *charkhas*.

TABLE 4
Supply of Raw Silk

Year	Mulberry	Non-mulberry			Imports	Total supply (inclusive of imports)	(lakh lbs.)			
		Tassar	Endi	Muga			Reeled on filature	Reeled on <i>Charkha</i>	Col. 9 as % of Col. 7	
1	2	3	4	5	6	7	8	9	10	
1953 ..	19.72	2.68	1.57	1.30	2.35	27.62	2.99	16.73	60.6	
1954 ..	23.98	2.75	1.57	1.21	3.64	33.15	3.20	20.78	62.7	
1955 ..	24.31	3.07	1.85	1.58	4.63	35.44	3.29	21.02	59.3	
1956 ..	23.07	2.94	1.89	1.85	1.10	30.85	3.24	19.22	62.3	
1957 ..	24.73	3.08	2.13	1.90	3.34	35.18	2.92	21.04a	59.8	
1958 ..	25.33	2.84	2.11	2.07	1.24	33.59	2.91	21.73a	64.7	

a: Inclusive of 1.22 lakh lbs. and 1.37 lakh lbs. of raw silk produced on cottage basis during 1957 and 1958 respectively.

(Source: Central Silk Board).

18. Production of silk fabrics on handlooms during 1958-59 amounted to 19.9 million sq. yds. consisting of 17.45 million sq. yds. of mulberry silk and 2.43 million sq. yds. of non-mulberry silk. As

shown in Table 5, production of silk under the auspices of the certified Khadi institutions during 1958-59 was no more than 1.45 million sq. yds., or 7.3 per cent of the total production of silk fabrics. Except in Bihar and West Bengal, production of Khadi silk in all other States is a very small proportion of the total production of silk on handlooms.

TABLE 5
Production of Pure Silk Fabrics
(1958-59)

State	Production of raw silk (Lakh lbs)	Production of pure silk (Lakh sq. yds.)		Col. 4 as % of Col. 3
		Handloom	Khadi	
1	2	3	4	5
1. Andhra	*	8.25	0.35	4.24
2. Assam	4.18	23.75a	0.29	1.22
3. Bihar	1.50	9.00b	4.77	53.00
4. Bombay	—	—	0.02	—
5. Jammu & Kashmir	1.41	12.00	—	—
6. Madhya Pradesh	1.20	—	0.22	—
7. Madras	*	22.50	0.57	2.53
8. Mysore	18.74	40.00	0.06	0.15
9. Orissa	0.34	—	0.08	—
10. Punjab	0.17	—	—	—
11. Uttar Pradesh	0.02	61.00	1.78	2.92
12. West Bengal	4.79	23.00c	6.32	27.48
TOTAL ..	32.35	199.50d	14.46	7.25

*Less than 500 lbs.

a—Includes 6.50 lakh yds. of muga and 10.50 lakh yds. of endi varieties.

b—Includes 7.80 lakh yds. of non-mulberry variety.

c—Includes 0.05 lakh yds. of tassar and 0.15 lakh yds. of endi varieties.

d—Includes 25 lakh yds. of non-mulberry variety.

19. The quantity of production under the auspices of the Khadi Commission is, it is clear, negligible in relation to the availability of the raw material and the quantity of cloth produced on the handlooms. Although the Silk Committee of the former Board recommended expansion of production on a planned basis, particularly with endi and non-mulberry varieties of silk,⁴ no scheme for the expansion, development and research has been prepared or implemented. As in the case of the Khadi woollen industry, Khadi silk industry, it is clear,

4. *Report of the Silk Committee, All India Khadi and V.I. Board*, pp. 9-10.

has still to be developed on a properly planned basis. This is all the more essential in view of our statements later in regard to the present submerged position of silk rearers, reelers, spinners and weavers.

20. Another important feature needs mention in this connection. As pointed out above, nearly two-thirds of raw silk are hand reeled. The entire output of indigenous silk yarn is utilised by the handlooms. In other words, except fabrics mixed with cotton or wool, all pure silk fabrics manufactured on the handlooms are hand-spun and hand-woven. In spite of this, rebate on retail sales is paid only on production under the auspices of the certified institutions. While the expansion and development of mulberry silk is undertaken by the Central Silk Board, production of silk fabrics on handlooms is under the auspices of the All India Handloom Board. We are of the opinion that to protect the interests of artisans engaged in hand reeling of raw silk and to assure rearers a minimum standard price, on the one hand, and to develop and expand production of pure silk and waste silk, on the other, production and expansion of pure silk and silk waste yarn and cloth should be unified, and only one agency be charged with the function of carrying out this task. We are also of the opinion that the Khadi Commission should be assigned this function, and take measures to bring about planned and rapid development of this industry.

21. The unification of responsibility in regard to silk is all the more necessary, because the silk rearers and artisans in the silk industry are known to belong to the most exploited section of the rural community. So far as decentralized production is concerned, the Khadi Commission has made out, what appears to us, a convincing case for being allowed to assume full responsibility for reeling, spinning, weaving and marketing of silk, in view of their findings in regard to the intensity of exploitation which is actually practised in this decentralized sector of the industry.⁵ The Silk Board, of course, is and should continue to be the appropriate body for administering all projects for the improvement and expansion of silk rearing. This is a function, which the Khadi Commission is in no position to undertake. All stages after rearing fall very properly within the scope of the Commission, so far as hand-spun and hand reeled silk yarn and hand-woven silk are concerned. This development should be organized on a co-operative basis. At present there are 9 Khadi silk cooperatives, all of which are located in West Bengal. We are of the opinion that there is considerable scope for the expansion and development of this industry on cooperative basis in Bengali and other silk producing

5. The Silk Committee appointed by the All-India Khadi and Village Industries Board took the view that, although the A.I.S.A. organized since 1938-39 Resham Shilpi Sanghs in several parts of the country to protect the illiterate artisans engaged in the silk industry from the exploitation of mahajans to whom they were indebted, progress made by these organizations fell short of needs and expectations. They found that exploitation was intense and wide-spread; and rearers, reelers, spinners and weavers continued to be indebted and exploited by the money lenders and merchants. The Committee, therefore, recommended a considerably larger programme, so that distress of the artisans could be relieved and steps could be taken to mitigate the severity of the competition from artificial silk yarn and products, op. cit. part II.

States, and the Khadi organizers should take up this work with earnestness and a sense of urgency. This, however, does not affect the point that Khadi Commission is the appropriate agency for developing and expanding the decentralized silk industry.

22. It is necessary to introduce intensive research in silk spinning and weaving; and we assume that this will have a definite place in the programme of research outlined by us in Chapter 25 of Part II.

23. We are also of the opinion that the rebate on retail sales of silk is not necessary and should be discontinued. Development and expansion of the industry, particularly training of artisans, can and should be financed as a development project. Financial assistance for promoting the marketing of raw silk and cloth should be provided on a progressively expanding scale. We also assume that the Silk Board will continue to discharge the function of developing scientifically, and in relation to the planned development of the silk industry, silk worm rearing and plantation of "host" trees, *i.e.*, mulberry, endi, etc.

Sales

24. Retail sales of Khadi consist of direct sales to consumers by certified Khadi institutions through their bhandars, sales through itinerant sales agents mostly in rural areas, sales to artisans against compulsory deposits of wages and sales to State and Central Governments. The break-up of the sales year-wise under each item is shown in Table 6.

TABLE 6
Retail Sales

		(Rs. lakhs)					
Item		1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Direct Sales	}		268·29	253·63	354·56	471·35	531·86
Sales through Agents			35·31	33·94	26·24	32·04	62·00
Sales to Artisans ..		125·81	N.A.	37·48	42·47	74·91	80·68
Sales to State Governments.			N.A.	45·01	102·25	140·91	90·66
Sales to Central Government against accepted tenders.		4·17	34·84	67·34	97·98	110·64	95·90
TOTAL		129·98	338·44	437·40	623·50	829·85	861·10

25. Retail sales of Khadi of all varieties increased during the six-year period from Rs. 1.30 crores in 1953-54 to Rs. 8.61 crores in 1958-59. Between 1953-54 and 1954-55, retail sales nearly trebled, but during the next two years, the rate of increase declined to about 30 per cent and fell to 4 per cent in 1958-59.

26. For an analysis of the trends in the different items of sales, comparable data are available only for the four-year period from 1955-56 to 1958-59. In keeping with the general trends, sales through bhandars increased by nearly 40 per cent between 1955-56 and 1956-57 and by 33 per cent between 1956-57 and 1957-58. But in 1958-59 the increase in retail sales fell to 13 per cent from 33 per cent in the previous year. Sales through agents, after a sharp decline of nearly 23 per cent between 1955-56 and 1956-57, increased by 22 per cent in 1957-58 and nearly doubled in 1958-59. While the purchases by both State and Central Governments increased substantially from Rs. 45 and Rs. 67 lakhs, respectively, in 1955-56 to Rs. 102 and Rs. 98 lakhs, respectively, in 1956-57, or by 127 and 46 per cent, respectively, the rate of increase declined in 1957-58 and in 1958-59 purchases of State and Central Governments fell below the levels in 1956-57. In fact, the fall in the rate of increase in retail sales in 1958-59 can be largely attributed to the fall in the purchases of the State and Central Governments, which could not be off-set by the increase in the sales effected through sales agencies.

27. Between 1955-56 and 1958-59, sales to artisans more than doubled from Rs. 37.48 to Rs. 80.68 lakhs, the rate of increase, however, being the highest in 1957-58. Relatively speaking, however, sales to artisans were less than 10 per cent in 1958-59. In view of what we have said later in Chapter 9, these figures do not call for any comments. As stated there, these sales are not a desirable feature of the Khadi programme.⁶

28. The increase in retail sales of Khadi, it is claimed, was made possible by an increase in the number of sales centres. A study of the figures of the increase in the number of sales centres in different States and the volume of sales in them during the three-year period, for which comparable data are available (Table 7), shows that the increase in sales was considerably smaller than that in the number of sales centres in different States. In several important Khadi producing States, such as Andhra, Bihar, Mysore and U.P., despite the substantial increase in the number of sales centres, sales actually declined. Except in West Bengal, where there was fair correspondence between the increase in the number of sales centres and the volume of retail sales, in almost every other State the increase in the number of sales centres does not appear to be warranted by the increase in retail sales.

29. We do not, however, have sufficiently detailed information to ascertain the period of effective operation of the sales centres set up in 1958-59. This may, possibly, help to explain the lack of correspondence between the number of sales centres and the volume of sales. Moreover, the fact that new sales centres are presumably opened in comparatively undeveloped areas may also, partially, account for the sales not increasing in proportion to the increase in the number of

⁶ See Chapter 9, para 17.

TABLE 7
Sales Centres and Retail Sales

State	1956-57		1957-58		1958-59	
	No. of Sales Centres	Retail Sales Rs. lakhs	No. of Sales Centres	Retail Sales Rs. lakhs	No. of Sales Centres	Retail Sales Rs. lakhs
1. Andhra	91	45.85	108	72.42	201	65.17
2. Assam	5	1.49	17	1.65	24	4.27
3. Bihar	129	67.62	234	71.28	N.A*	59.97
4. Bombay	136	195.31	274	204.33	374	224.91
5. Delhi	2	33.94	5	31.07	6	34.82
6. Jammu & Kashmir	2	0.58	5	0.67	N.A*	1.16
7. Kerala	22	7.84	102	10.06	182	10.28
8. Madhya Pradesh	19	4.04	55	17.57	69	27.72
9. Madras	57	51.52	69	97.40	N.A*	83.05
10. Mysore	102	16.68	183	58.93	372	57.62
11. Orissa	7	1.95	15	3.64	17	2.09
12. Punjab	56	29.57	82	42.60	213	66.72
13. Rajasthan ..	84	18.72	154	34.14	211	45.26
14. Uttar Pradesh ..	107	133.75	151	167.88	599	153.09
15. West Bengal ..	26	14.64	41	16.21	66	24.97
TOTAL	845	623.50	1,495	829.85	2,463*	861.10

*Complete data not available for Bihar, Jammu and Kashmir and Madras; State-wise break-up for 129 sales centres not available.

centres. These points taken together, however, do not explain the glaring anomaly like the sales centres having increased from 151 in 1957-58 to 599 in 1958-59 in Uttar Pradesh while the sales have actually fallen by nearly 12 per cent. It is fairly obvious that these facts call for a reconsideration of the policy of opening new sales centres.

State-wise Analysis of Production and Sale

30. To assess the trends in sales in relation to production, it is necessary to examine the relative shares of different States, the data for which are set out in Statement 17. Analysis of the data presented in Statement 17 shows that between 1938 and 1950-51, i.e., prior to the appointment of the All India Khadi and Village Industries Board, relative shares in sales of Khadi of most of the principal Khadi producing States, such as Andhra, Bihar, Madras, Punjab, Rajasthan

and Uttar Pradesh, were only 3 to 4 per cent less than their respective shares in production of Khadi. The exceptions to the general rule were Bombay, (which was and continues to be one of the principal importers of Khadi from other States), Kerala, Madhya Pradesh, Mysore, Orissa and West Bengal, each of which accounted comparatively for a larger percentage of sales than of production. Since 1953-54, with the exception of only Uttar Pradesh, which maintained its relative position in production and sale, the increase in the proportion of production of Andhra, Bihar and Punjab has been larger than in their respective shares in total sales. This further supports the conclusion that sales have not kept pace with the increase in production in these States. In the States that import Khadi, imports since 1953-54 have, on the whole, increased in Bombay, Madhya Pradesh and Mysore, but have declined in both Kerala and Orissa. We have pointed out that the rate of increase in retail sales has, in most cases, fallen, and there has been actual decrease, in some others. This obviously leads to the conclusion that the market for Khadi has lost a great deal of its elasticity, and the consumer resistance is a factor to be seriously reckoned with. Accumulated stocks, to which we have drawn attention, earlier, is only a partial measure of this resistance. We have already drawn attention to the deliberate slackening of the rate of expansion by several important institutions. This cautious estimate of the response of the market is justified by the facts of the case. What is required is, however, not slowing down the rate of expansion, but an examination of the whole position from the point of view of making local markets far more important than they are at present in the disposal of Khadi.

Khadi Bhavans

31. Besides the bhandars run by the Khadi institutions, the Commission directly or through certified institutions runs six big bhavans in Bombay, New Delhi, Calcutta, Madras, Bangalore and Jaipur. Besides these bhavans, Statutory State Boards also have bhavans of their own. Mention may be made of the bhavans set up by the Statutory State Boards of Saurashtra at Rajkot, of Rajasthan at Jaipur and of Bihar at Patna. Information is not, however, available on the details of the sales at the bhavans recently opened by the Statutory State Boards. Except in Bombay and Delhi, the Commission's bhavans at other centres were opened only recently.

32. Retail sales of Khadi at the Commission's bhavans increased from Rs. 13.21 lakhs in 1954-55 to Rs. 64.67 lakhs, or by about 400 per cent, and they accounted for 7.5 per cent of the total sales in 1958-59 as compared with 6.9 per cent in 1956-57. The trends in sales in the bhavans show that ready-made goods are one of the principal items of sale. Their sale has increased from Rs. 1.83 lakhs to Rs. 5.72 lakhs during the last three years.

33. Most bhavans import Khadi from other States. But while the imports of the bhavan at New Delhi are evenly distributed, Bombay

imports 20.8 per cent from Madras and 26.0 per cent from Andhra, and Madras imports 40.0 per cent from Bombay and 28.0 per cent from Andhra.

34. Since 1956-57, Khadi bhavans have also undertaken wholesale sales but their proportion is only 11.7 per cent.

Pattern of Sales

35. We made special efforts to estimate the division of sales between urban and rural areas without any degree of success. The information supplied by most of the institutions in their replies to our questionnaire does not provide a basis for an overall assessment of the position in respect of sales. The nearest approximation we can get on the basis of the statement made before us, is that three-fifths of the sales are in urban areas and two-fifths in rural areas; and the proportion of sales in the urban areas has been steadily increasing. We regret our inability to cite figures for the country as a whole and the different States in support of this statement, but this is due, as stated above, to our failure to obtain these figures in spite of our earnest efforts. It is, however, necessary to add that in the whole Khadi programme in practice, the urban rather than the rural markets have, relatively speaking, acquired increasing importance; and the need for reversing this trend is, in our opinion, not getting its due attention. This, of course, means that one of the basic objectives of Khadi, *i.e.* producing mostly for rural areas, has been and is being lost sight of. Mahatma Gandhi all through, but particularly in the last phase of his life, drew pointed attention to the distortion of Khadi work, owing to its being so largely town-oriented, *i.e.*, its being largely governed by the desire to develop and depend upon urban sales. There is no indication that the undesirability of this practice is being appreciated. In a number of States not only the relative importance of towns, but also of sales outside the State, has been increasing. This also, in principle and from practical standpoint, is open to serious criticism and is against the explicit injunction of Mahatma Gandhi, the very basic premise of the Khadi programme and the very clear directive of the Certification Committee itself.⁷

Inter-State Movements of Goods

36. We were not able to obtain complete and comparable data from the major Khadi institutions on the volume of exports and imports of Khadi. The analysis of the movement of goods is based on exports from different States, without a corresponding analysis of the volume of imports. Moreover, we have also no information on the varieties of goods that enter into the inter-State movement of goods and the reasons therefor. Statement 20 presents the details of the State-wise exports of Khadi during the five-year period, 1954-55 to 1958-59. In assessing

7. Vide rule 14 the Certification Committee prescribes : "Maximum efforts should be made by the institution to sell its production as much as possible locally. Local sales should be increased progressively. Surplus production may be sold in the province."

the trends in the exports of Khadi, sales to Central Government must also be included, because Khadi institutions export the goods manufactured according to the specifications laid down by Government. We have indicated in the Statement only the aggregate annual sales to Central Government, as we were unable to obtain complete and reliable details of the State-wise distribution of tenders for all the

37. Wholesale sales, exclusive of sales to Central Government, increased from Rs. 116.8 in 1954-55 to Rs. 317.02 lakhs in 1958-59. Inclusive of sales to Central Government, exports of Khadi from the centres of production increased from Rs. 151.64 in 1954-55 to Rs. 412.92 lakhs in 1958-59. The percentage of exports to total production from 1954-55 to 1956-57 was about 46. In 1957-58, exports decreased to 44 per cent and, in 1958-59, to 34 per cent. It is, however, necessary to analyse the percentage of exports to total production in different States. As stated above, in spite of earnest efforts we could not get complete information, and the estimates presented in Table 8 are to be treated as illustrative.

TABLE 8
Estimated Wholesale Sales in 1958-59

(Rs. Lakhs)					
State	Production	Reported wholesale Sales	Estimated sales to Central Govt.*	Total wholesale Sales	Col. 5 as % of Col. 2
1	2	3	4	5	6
1. Andhra	166.61	40.71	37.08	77.79	46.69
2. Assam	5.00	2.00	—	2.00	40.00
3. Bihar	150.11	22.80	21.23	44.03	29.33
4. Bombay	43.31	22.26	—	22.26	51.40
5. Delhi	6.54	8.20	—	8.20	125.38
6. Jammu & Kashmir ..	17.66	18.63	—	18.63	105.49
7. Kerala	11.23	0.18	—	0.18	1.60
8. Madhya Pradesh ..	13.36	1.22	—	1.22	9.13
9. Madras	180.54	43.60	13.04	56.64	31.37
10. Mysore	50.55	7.55	0.22	7.77	15.37
11. Orissa	11.21	0.36	—	0.36	3.21
12. Punjab	178.26	37.68	11.74	49.42	27.72
13. Rajasthan	109.83	33.98	11.74	45.72	41.63
14. Uttar Pradesh ..	245.97	49.77	6.16	55.93	22.74
15. West Bengal	41.19	28.08	—	28.08	68.17
TOTAL	1231.37	317.02	101.21	418.23	33.96

*Calculated on the basis of the tenders allotted to different States. The bulk of Khadi supplied to Central Government is *Dosati* cloth of specified texture and colour. Mineral Khaki involves also higher costs of processing. We have, therefore, assumed that the price per yard was Rs. 3.50 on the average. The value of sales to Central Government on this assumption is only Rs. 5 lakhs more than the actual reported figures; and we, therefore, consider this assumption as reasonable.

38. In 1958-59, 34 per cent of the total production was exported. State-wise, the percentage of exports to production from major Khadi producing States, such as Andhra, Madras and Rajasthan, was 47, 31 and 42, respectively. Bihar, Punjab and U.P. exported 29, 28 and 23 per cent of their production, respectively. Jammu and Kashmir, West Bengal and, to a certain extent, Assam specialise in the production of wool and silk Khadi. While Jammu and Kashmir export almost all their output, West Bengal exports the major portion of its goods, and Assam two-fifths. Exports from Delhi are, however, re-exports and not exports of their own products. The analysis, though based on limited data, serves to establish the point that a high proportion of production of Khadi enters into inter-State trade; and the incidence of transport and other distributive costs on prices of Khadi is heavy on that account.

39. Production of goods to suit local demand and a systematic effort to produce varieties now imported from other States can, we are sure, largely help eliminate these movements and, therefore, materially reduce transport costs and sale prices. We definitely recommend that planned efforts have to be made to delocalize production of Khadi through training of artisans, diversified production in all States to suit local demand and local tastes. This would minimize avoidable movement of goods and, of course, lead to a very considerable reduction in costs. Really speaking, these movements of goods would not be necessary, if in each State efforts were made to develop skills and train artisans. It is probably inevitable that the production of a few specialized commodities has to be localized, owing to inherited skills and other special advantages; but this does not apply to more than four-fifths of the total production of Khadi. The latter consists of plain cloth, which can and should be produced in all parts of the country. The fact that this is not being done now is not due to any insuperable difficulties, but unwillingness and inability to break new ground.

Raw Cotton

40. Generally speaking, Khadi work has been organized and developed on a substantial scale mostly in areas which do not grow raw cotton. In Bihar and U.P., which, as mentioned earlier, are very important Khadi producing States, raw cottons suitable for handspinning are not grown in any appreciable quantity, as can be seen from Statement 21. They have, therefore, to import cotton on a substantial scale. Assam and Orissa as well, import cotton from outside at considerable expense, as neither of them grow the varieties of cotton required for handspinning. Price of raw cotton in Assam and in Orissa, we were told, varies between Rs. 2.62 to Rs. 3.50 per seer, as against Rs. 1.75 to Rs. 2.00 in other States. These are extreme cases, but the same consideration applies not only to Bihar and Uttar Pradesh, but also to Kerala and a number of non-cotton growing areas in all States. Costs of production, therefore, are unduly high in most of these States. Madhya Pradesh is an outstanding instance of one of

the important cotton growing States in which Khadi work is least developed, its production of Khadi being Rs. 13.36 lakhs or 1.08 per cent and cotton production 3,97,000 bales or 8.4 per cent. Really speaking, there is no relation between cultivation and availability of cotton and production of yarn and cloth in various States. These facts are a sad commentary on organization of Khadi work in the country and show disregard of its essential principles.

41. We were authoritatively informed that, in most of the areas where Khadi is now being produced on some scale, varieties of raw cotton suitable to the soil and for hand-spinning can be probably grown.⁷ In fact, in some of the areas of Bihar and in Uttar Pradesh, we were informed, experiments on growing raw cotton were undertaken on a small scale. According to the Indian Central Cotton Committee,⁸ in almost all States the soil and climate are suitable for the growth of different varieties of raw cotton. While the efforts of the Indian Central Cotton Committee and the programmes it has drawn up are, generally, directed according to the requirements of cotton textile mills, practically no thought has been given either by the Khadi Commission or the Central Cotton Committee to the importance of adjusting cotton cultivation to the needs of Khadi. It is really surprising that an object, which was put in the forefront of Khadi work from the very beginning, did not receive attention even of the A.I.S.A., and since then has been practically neglected. In theory, local cultivation of cotton is the basis of Khadi programme. In practice, it has been lost sight of altogether. It is essential to give local cultivation of cotton its due place in plans for the future.

42. As stated later in Chapter 13, successful development of a decentralized textile industry depends very largely on the local growth of cotton, in order that spinners can obtain their requirements of cotton at reasonable prices. Another advantage of local cultivation of cotton is that seed cotton could be made available to spinners almost every where; and this, according to the Prayog Samiti, Ahmedabad, would up-grade cotton, and even short staple cotton could be used for higher counts. This would be a real gain in itself, and is another reason why cultivation of cotton all over the country should be deliberately promoted.

43. Several representatives of Khadi institutions as well as some of the members of the Commission gave us to understand that *dev kapas*, or tree cotton, can be grown on the edges and bunds of agricultural holdings. They were of the view that tree cotton is of a fairly long staple, would be cheap and capable of yielding high counts of yarn. Owing to cotton required for hand-spinning being mostly of low counts, this advantage, even if this view is correct, is of limited practical importance for Khadi; but what is more important is that, in the opinion of the Central Cotton Committee, the cultivation of tree

7. Minutes of discussions with representatives of Khadi Institutions.

8. Note of the Indian Central Cotton Committee.

cotton has not been successful⁹ anywhere in the world and, in fact, has been a source of considerable damage to agricultural crops in general and cotton in particular, owing to tree cotton being susceptible to serious infectious diseases. We were also informed that, besides these considerations, cost per pound of cotton from tree cotton would be prohibitively high, barring exceptional cases. Tree cotton, as a source of locally available raw material for Khadi, has had its advocates from the beginning of Khadi movement; and in the course of our visits we met a number of workers, whose faith in the tree cotton as a possible fibre for hand-spinning still remains unimpaired.

We, however, feel that either the matter should be thoroughly examined scientifically and the possibilities of tree cotton conclusively proved or disproved; or, if that cannot be done, the Khadi Commission should devote its attention entirely to extending the cultivation of suitable cottons not grown at present, all over the country on a scientific and planned basis.

Conclusion

44. In conclusion, we briefly summarize the major points which have been stated already, but which need to be brought together for presenting the picture of production and sale in one place. This involves a certain amount of unavoidable repetition, if the situation as a whole and the inter-relation of its parts have to be understood. These points are :

- (i) Production of Khadi has expanded since 1953 by over five times. This rate of expansion, though satisfactory in itself, has fallen short of expectations. Production of Ambar, according to the revised programme, was expected to be 25 million yds., but in fact production, as shown in Chapter 5, did not exceed 13.8 million yds. For 1959-60, the target of production was 40 million sq. yds. On the same basis, actual production is likely to be nearer 15 million yds.
- (ii) The estimates were projected on the assumption that for the expansion of marketable Khadi, Ambar would be the major source of increase in production and sales and increase in traditional Khadi would be about 10 per cent, the rate at which it was expected to increase in the natural course of things. In fact, however, increase in Ambar has been far below expectations. Production of traditional and Ambar Khadi in 1958-59, as stated above, is in the ratio of 4 : 1. Therefore, all the economies which were expected to accrue on account of increased productivity and reduction in costs, have accrued only to a limited extent; and costs and prices of Khadi have, practically, remained the same, as explained more fully in the next Chapter.

⁹. Note of Dr. Sethi on the questionnaire issued by the Committee.

- (iii) Expansion of Khadi production and sales has followed its own momentum and has not taken place according to any plan, with reference to the availability of raw materials, the need for reducing unemployment and under-employment, or local demand and local markets. The fact that both production and sale have been unplanned, has led to a further intensification of production and sales in the areas and centres in which Khadi production had already been well-established. The production programme has followed the line of least resistance and the States and centres of concentration of production, as pointed out above, have, even after the growth during the last six years, remained unchanged and no effort has been made to extend production to new areas or develop skills in weaving in them.
- (iv) The trends in increasing sales in towns rather than villages which have been in operation earlier, have been further strengthened; and urban markets have become the most important focus of attention and interest. This is a major cause for the accumulation of stocks, to which we have drawn pointed attention. Increase in sales has not kept pace with production. Stocks of yarn and cloth have been accumulating and, in spite of Ambar's potential not having been realized, such increase in productivity as has taken place has become a matter of concern, instead of a source of satisfaction.
- (v) Cultivation and supply of local cotton, which has been an important plank of the Khadi programme all through, has hardly received any attention. Increase in production has taken place in a number of non-cotton growing States, and some of the important cotton growing States have hardly participated in the process of expansion. Additional transport costs have had to be met and areas, which could easily produce Khadi for their requirements, depend upon imported products; and inter-State movement of products has taken place on an unplanned basis and has also contributed to higher costs and prices.

45. Experience has shown that Khadi movement has to regain its sense of direction and base its future programme on a clear understanding of the essentials of Khadi and the mainsprings of progress in economic and social terms. The need for the Khadi workers being true in spirit and practice to the original purpose of Khadi, and its significance from the point of view of the development of the economy as a whole, is fundamental and cannot be over-emphasised. Khadi has to be not only an operative factor in development, but an affirmation of values for which it has stood all these years and which now have to become the working premises of the entire economy of the country.

CHAPTER 7

COSTS AND PRICES

We made earnest efforts to obtain detailed information from all institutions on costs and prices of different varieties of Khadi, but without much success. We were not able to obtain adequate information on the variations in prices of Khadi woven from (a) traditional *charkha* yarn, (b) Ambar yarn and (c) mixed varieties of Khadi. The data, which are the basis of the analysis below, relate to only three States and for only two varieties of Khadi. We do not have information to indicate whether the prices relate to Khadi woven from traditional *charkha* yarn alone or to cloth woven from Ambar yarn or from an admixture of both. We have no information on the prices of woollen and silk Khadi from any institution which has undertaken their production. The analysis presented in the following pages is, therefore, illustrative, and based on the yarn and cloth price charts of cotton Khadi in force in 1958-59 and supplied by the office of the Certification Committee, Lucknow. We understand that the Certification Committee has been able to get the institutions to adhere to the yarn and cloth price charts in practice. We, therefore, consider that the analysis of costs and prices given below is more or less based upon the actual conditions in the country.

Price Policy

2. Since the time of the A.I.S.A., we were informed, that the retail prices of different varieties of Khadi manufactured by an institution are fixed on the basis of total costs of total production of all varieties of cloth in aggregate; and prices of each variety of cloth are fixed according to the intensity and extent of demand for it, *i.e.* are adjusted to the means of the buyer, *i.e.* his purchasing power. Apportionment of management costs charged to different varieties of cloth is made on the principle of "what the traffic will bear." Originally, prices of dhotis and saris were deliberately lowered in some cases to create demand for them, but this was a supplementary consideration; and then as now, the decisive factor was that the prices are varied within the limits set by the total costs and according to the ability to pay of the customers. We were told that dhotis and saris, that are in common demand and plain cloth, which has a variety of uses, are deliberately priced lower than drills, coatings and similar varieties of *dosuti* cloth and printed and dyed Khadi goods; but we presume that in regard to these also, the means of the consumer are taken into account in the fixation of prices. This is true of cotton Khadi. We, however, believe that the primary costs are covered in each case and the scope for adjustment arises in the allocation of overhead costs.

Cotton Equalisation Fund

3. Another equally important point that was made before us was that, although prices of raw cotton have fluctuated between wide limits since 1952-53, the prices at which raw cotton is supplied to spinners have remained the same. To off-set the fluctuations in the prices of cotton, which sometimes have fallen below and sometimes have risen above the rate at which cotton is supplied to spinners, most Khadi institutions have a cotton price equalisation fund, to which profits made in years of relatively low prices are credited and losses in years of relatively high prices are debited. But it is assumed in a cycle of seven years losses and profits offset each other, and the equalisation fund just breaks even. We, however, understand that the Certification Committee has been requested to revise the prices of raw cotton supplied to spinners because most of the institutions are no longer able to meet the losses incurred recently in the years of high prices. We, however, have not been given any data on the actual operation of the equalisation fund and its off-setting adjustments and cannot, therefore, express any opinion on its working in practice.

4. We understand that the policy of the A.I.S.A. was to minimize the fluctuations in the prices of Khadi¹; and to realise this in practice, the A.I.S.A. had evolved a system of countervailing adjustments over a number of years. No data have, however, been made available to us to support or even illustrate, the working of this principle in practice. We are told that the Certification Committee, to which the function of formulation and execution of price policy of Khadi has been assigned by the Khadi Commission, still takes these principles as its operative norms and the latter, *i.e.* the principles, are actually embodied in the schedule of prices fixed by it.

5. The Statements 25 and 26 present the break-up of costs of yarn and cloth woven from 12's and 16's.

Raw Cotton

6. The details presented in Statement 25 show that for the same count of yarn institutions use different varieties of cotton. We were told that normally each variety of cotton has its own range for spinning of yarn. Thus, for instance, from *deshi* variety counts ranging from 6's to 13's, and from *wardha* variety 12's to 18's and from *surti* 18's to 24's are spun as a general rule. For counts, which are on the border line, two or more varieties of cotton are used; and also a better variety of cotton is used for a lower count when an institution does not have adequate supplies of the required variety or the spinners have acquired a pronounced preference for a specific variety irrespective of its intrinsic quality, owing to relatively greater convenience in spinning.

1. This is based upon the information given by Shri R. S. Dhotre, a member of the Committee, who has been closely associated with the A.I.S.A. since its very inception.

7. Prices of raw cotton of the same or similar variety used for the same count vary from State to State.² Variations in prices are due partly to differences in the quality of the varieties of cotton locally available in each State and, partly, to the costs of packing and transport. Thus, for example, although both Punjab and Rajasthan use only *deshi* varieties of cotton, the prices vary between Rs. 1.76 nP. and Rs. 1.69 nP. per seer because of the difference in their quality. The price of *wardha* cotton in Hyderabad, from which counts of 12's and 16's are spun, is only Rs. 2.13 nP. per seer, whereas the cost of the same imported variety in Rajasthan is Rs. 2.36 nP. per seer. Similar variations can also be noticed between the cottons used in Punjab and Rajasthan for 16 counts. The price of *narma* cotton, which is reported to be similar to the *wardha* variety, is Rs. 2.67 nP. per seer in Punjab, although this cotton is locally available; whereas *wardha* cotton costs in Rajasthan only Rs. 2.36 nP. per seer. The details available show that Hyderabad, which grows cotton and also has easy access to cotton markets, buys very cheaply and illustrates the fact, which hardly needs illustration, that where local cotton is used, prices are comparatively lower than prices of imported cotton.

Carding

8. Carding wages, according to the information supplied to us by the Certification Committee, vary for the same counts from State to State and from count to count within the same State. Moreover, rates of carding wages vary according to the processes used. On a carding bow wages are different for different counts, but when *dhunai* machines are used, rates are lower. We again do not, however, have any statistical data in support of this view.

9. Details set out in Statement 25 show that carding wages for count 12 are more or less the same, except for the *wardha* variety of cotton in Rajasthan. In Rajasthan higher rates are paid because of the limited number of carders available to Khadi institutions and because of the practice of supplying ready-made slivers to spinners. For

State	Prices of Raw Cotton (per candy of 784 lbs.)			(Rs.)
	1955	1956	1957	1958
<i>Deshi</i>				
Madhya Pradesh	760	745	710	685
West Bengal	660	642.50	707.50	652.50
<i>Jarilla</i>				
Madhya Bharat	700	722.50	760	720
Madhya Pradesh	785	737.50	770	745
Hyderabad	615	692.50	—	—
Khandesh	740	742.50	792.50	777.50
Source : Volkart Bros.' Price Bulletins.				

Source : Volkart Bros.' Price Bulletins.

count 16's carding wages in Hyderabad are 50 per cent higher than for count 12's although the same variety of cotton is used. This may be due to the supply of slivers for count 16's and only carded cotton for count 12's to the spinners; we, however, cannot explain this practice on the basis of available information. Carding wages vary between 47 nP. and 80 nP. for 12's and from 75 nP. to 1.06 nP. for 16's. The proportion of carding costs to total costs of cloth is between 5 to 7 per cent in the two varieties for which we have data.

Spinning Wages

10. Broadly speaking, spinning wages are more or less the same throughout the country. The slight differences in rates between one State and another are due to the payment of slightly higher wages for counts of yarn required by the institution. A point that needs to be stated, however, is that for the same counts spun from two different varieties of cotton spinning rate varies within narrow limits. The variation, as stated above, is due to the comparative ease with which a spinner is able to spin from a better variety of cotton. Spinning wages constitute 51 to 60 per cent of the total cost of yarn, and between 30 to 37 per cent of the cost of cloth.

11. To sum up: the institutions buy yarn from spinners at rates shown in Statement 25. Institutions supply raw cotton to spinners, and they deduct from the total price of yarn, which they pay to the spinners, the cost of raw cotton. Where spinners themselves card the cotton, they receive wages for both carding and spinning, according to the rates laid down by the Certification Committee.

Prices of Cloth

12. Statement 26 presents comparative prices of cloth of 12's and 16's in Hyderabad, Punjab and Rajasthan. It was stated above that prices of cotton vary because the varieties of cotton used for the same count differ from State to State, and that for the same count different varieties of cotton are used in the same State. For cloth of 12 counts the price of raw cotton is 83 nP. higher per seer in Hyderabad than in Punjab and consequently, the proportion of costs of raw cotton of the total costs of cloth is 22 per cent in Hyderabad and 17 per cent in Punjab. For cloth of 16's Rajasthan uses *wardha* as well as *surti* cotton. The latter, *i.e.*, *surti*, costs 153 nP. more than *wardha* in Rajasthan and 189 nP. more than in Hyderabad. While the proportion of raw cotton costs to total costs is only slightly different for the same varieties of cotton, the proportion varies by nearly 4 per cent when *surti* is used.

Weaving Wages

13. Weaving wages vary from State to State. In Hyderabad weaving wages are only Rs. 4.89 for cloth of 12 counts of 45 inches width (texture 40 x 40), and Rs. 4.86 for cloth of 16's of 27 inches width and the corresponding rates in Punjab and Rajasthan are Rs. 6.75

and Rs. 6.89 respectively. Weaving wages vary, we understand, because of (i) the relative availability of weavers for Khadi work and (ii) the need for providing special incentives to weavers in some States to get them to come over to Khadi from mill yarn.

14. As stated earlier, spinning wages in Rajasthan for the same count of yarn spun from better varieties of cotton are lower than from standard variety. While the proportion of carding wages to the total costs of cloth are about 5 per cent for 12's and 6 per cent for 16's in these States, washing charges are higher for 12's in Hyderabad. We were told that the washing charges vary from State to State and from variety to variety because chemicals are used in some cases and not in others. The charts, however, do not specify the type of washing adopted in each case.

Establishment Costs

15. Institutions add the costs of management as a percentage of the total costs of raw cotton plus wages to arrive at the total costs of production. The proportion of management charges to total costs varies between 15.3 to 16 per cent in these States for these two varieties of cloth.³ Most Khadi institutions, however, according to information made available to us, charge 18 to 19 per cent, on production taken as a whole, but some of the larger institutions much less. Only the small Khadi institutions charge 20 per cent as their overhead expenses. Cost per yard, *i.e.* sale price of cloth of 12's per yard, varies between Rs. 1.82 in Hyderabad and Rs. 1.98 in Punjab, and for 16's between Rs. 1.37 in Hyderabad and Rs. 1.54 in Rajasthan.

16. The difference in the prices of cloth between one State and another is due to difference in the prices of cotton, weaving and management charges. While in Hyderabad generally weaving wages are low, in both Punjab and Rajasthan weaving wages are considerably higher. Similarly, management charges, in absolute terms, are much higher in Punjab and Rajasthan than in Hyderabad. Carding, spinning and washing charges, however, vary within narrow limits.

17. Wages of handloom weavers of mill yarn also vary from State to State and from region to region according to the availability of weavers and their being independent artisans or employees. In some areas handloom weavers of mill yarn working under a master weaver or as members of a cooperative society are better off than an independent weaver. But in others the position is reverse and the independent

3. In rule 19 the Certification Committee prescribes :

"(a) The institution can add for production and sale maximum margin of 20 per cent on cost to cover transport charges, packing and establishment charges. Out of the maximum margin of 20 per cent, the institution shall allow a commission of 9 per cent on whole sale and agency sale. In case the margin being added is less than 20 per cent, the rate of the above commission may be reduced proportionately.

(b) The selling institution may keep a margin of 12 per cent for the sale to cover the establishment expenses, including packing and transport charges of goods. This will include commission received from the production centres."

Certification Rules for Khadi, Khadi and Village Industries Commission (1959)-p 4.

artisan scores over the other two types.⁴ In many areas handloom weavers of mill yarn earn only a very small percentage of their total income from weaving and most of them supplement their earnings from weaving by earnings from other occupations. The report of the Working Group (Study Team) for Handloom Industry, does not, however, contain any data on the rates of wages paid to handloom weavers in different areas at present. From the statements made before us by most Khadi institutions it is, however, clear that, although the rate of weaving wages per yard in Khadi is higher than those of handloom weavers of mill yarn, the total earnings of Khadi weavers are lower than those of mill yarn weavers. The latter find work for 200 days on the average, while Khadi weavers, according to the rough calculation made by us in Chapter 8, work for about 150 days. We are, however, not in a position to compare earnings of mill yarn and Khadi weavers as the requisite statistical data are not available.

Comparative Distribution of Costs

18. We were not able to obtain detailed break-up of costs of cloth produced in the mills and on the handlooms. Table I is based on the data on costs of handloom cloth in 1952 available in the *Report of the Textile Enquiry Committee*, (Vol. II and III) and on the very incomplete information supplied by the office of the Textile Commissioner, Bombay.

TABLE I

Comparative Distribution of Costs

	Khadi		Per cent	Handloom		Per cent	Mill	Per cent
1. Raw Materials.	Raw Cotton including waste.	age.	18.62	Cost of Yarn Other Materials.		61.50 2.50	Cotton	50.00
2. Wages & Salaries.	Carding 5.64 Spinning 32.94 Weaving 24.00 Washing 2.06	}	65.54	Weaving 19.30 Dyeing 8.50 Other Charges.	}	36.00	Wages and Salaries.	28.50
3. Other expenses.	Overheads			—			Stores Power Other expenses Unspecified	10.00 4.00 4.50 3.00
TOTAL			100.00			100.00		100.00

From the Table above it is clear that carding and spinning wages together account for 38.58 per cent of the total costs of Khadi; and weaving and washing for nearly 27 per cent. The wages of artisans account for nearly 66 per cent of the total cost of Khadi. It is well known that a major portion of the costs of establishment represents

⁴ *The Report of the Textile Enquiry Committee*, 1954, Ministry of Commerce and Industry, Vol. II.

payment of wages and salaries. If we assume that 10 out of the 15.84 per cent shown under this head represents wages, an assumption which appears to us reasonable and the balance, costs of freight, insurance, rent, etc., 76 per cent of the total cost of Khadi would be payment of wages.

19. As compared with this distribution of costs of Khadi, in the costs of cloth woven on handlooms, yarn accounts for 61.5 per cent, other materials for 2.5 per cent and wages of weaver and dyer account for 27.8 per cent. It is not clear from the details available in the *Report of the Textile Enquiry Committee* what "other charges" are. If they are taken to be payment of wages to artisans in ancillary jobs, the total wages would account for 36 per cent of the cost of production of cloth on handlooms. Of the costs of cloth manufactured in the mills, cotton accounts for 50 per cent, wages and salaries for 28.5 per cent, and the rest are expenses on stores, power and other miscellaneous items.

20. This comparison makes it clear that, without a very considerable increase in the productivity of artisans engaged in Khadi, the cost per yard cannot be materially reduced and, as we have indicated later in this Chapter, this is a task of prime importance, as through increased productivity alone can the wages of artisans be raised, costs and prices reduced and Khadi placed on a footing on comparative strength.

Movement in Prices

21. On the basis of the limited information supplied by institutions, indices of the different elements of costs and prices of Khadi cloth have been worked out in Statement 28.

22. On the average costs of raw cotton ordinarily used for Khadi (*deshi* and *wardha*) increased by 313 per cent between 1939 and 1959, but raw cotton prices as a whole rose by 389 per cent. The all-India index of prices of cotton stood at 489 in 1957, whereas for the corresponding year the index of cotton used for Khadi was only 400 as can be seen from Table 2.

TABLE 2
Index numbers of the prices of raw cotton and cotton textiles
(1939-100)

	Raw cotton prices		Cotton manufactures	
	Khadi	Whole-sale *	Khadi	Mill Cloth*
1943	109		138	426
1947	224	291	268	255
1953	258	440	319	407
1957	400	489	336	417
1959	413		339	—

*Source : Economic Adviser's Office.

23. The index of spinning wages rose to 282 by 1959. As compared with spinning wages, which over the period increased by 182 per cent, the rise in weaving wages was 441 per cent. The index of management charges rose over the period to 353 or by 253 per cent. The rise in the prices of Khadi was due wholly to the increase in the cost of raw material and the rise in wages, including management charges. Prices of Khadi have risen since 1939 by 239 per cent, as compared with the rise of 317 per cent in the prices of mill cloth in the country. These figures show that spinning wages and salaries of supervising staff of the institutions have not increased in the same proportion in which the cost of living has increased; and owing to the fluctuations in the prices of raw cotton being minimised, the rise in prices of Khadi has not been in proportion to the rise in the prices of cotton.

24. Though prices of Khadi of the same variety vary from State to State owing to the variations in prices of raw cotton and rates of wages of weavers, generally speaking, the range of variation is not wide and, what is more significant, each variety of Khadi has an all-India price, *i.e.* in spite of the differences in distributive and overhead costs, the same price schedule is maintained all over the country, owing to the cost of transport and distribution being included in the overhead charges added to the other costs by the production centres themselves, *i.e.* practically, prices at the production centres are also the retail prices of the same cloth all over the country. This is of course due to the fact that the prices are fixed and regulated according to the same principles and do not reflect the differences in distribution and transport costs. But in spite of this stability, retail prices of Khadi are higher than other varieties of cloth and even after the deduction of rebate the differences in prices per yard of handloom cloth range from Rs. 0.35 to Rs. 1.68 for dhoti, Rs. 0.58 to Rs. 1.44 for saree and Rs. 0.91 to Rs. 1.67 for shirting; and those of mill cloth range from Rs. 1.16 to Rs. 1.78 for dhoti, Rs. 0.19 to Rs. 0.68 for saree and Rs. 0.65 to Rs. 1.11 for shirting. These differentials make Khadi non-competitive both in urban and rural areas; and though a certain amount of bias in favour of Khadi for non-economic reasons has to be allowed for, that does not, and, in our opinion, cannot neutralize these differentials. It is not, therefore, surprising that there is consumer resistance to the purchase of Khadi and this resistance has been growing as shown by the increasing accumulation of unsold stocks. This gap has to be narrowed and Khadi placed on a footing of comparative equality with handloom and mill cloth. Reorganization of Khadi programme has to be undertaken in order to meet this prime need; for, the assumption of Government and various Committees, which have reported on Khadi development programmes, has always been that Government subsidies for production and sale granted for Khadi would be a transitional measure and Khadi would eventually not involve any extra burden to the consumer and extra charge to the public exchequer. This object has to be achieved not only to bring about an expansion

in the demand for Khadi, but also to give a square deal to the Khadi consumers, who mostly belong to the very low income groups of the community. Khadi has, therefore, to establish a secure position for itself through its own inherent advantages.

Comparative Prices

25. We made earnest efforts to obtain information on the prices of different specific varieties of handloom and mill cloth from the office of the Textile Commissioner to compare prices of Khadi with nearly similar varieties of handloom and mill cloth. We failed in our efforts, and the data used for comparative purposes, shown in Table 3 below, were collected by the Zonal Directors of Andhra and Madras and Director Khadi, Madras.

TABLE 3
Comparative Prices of Cloth of 20's in 1959

Variety	(Price per yd. Rs. nP)											
	Madras						Tiruppur			Kakinada		
	Khadi	Handloom	Mill	Khadi	Handloom	Mill	Khadi	Handloom	Mill	Khadi	Handloom	Mill
Dhoti	3.56	1.20	1.10	2.12	0.44	0.56	2.20	1.43	1.94			
Saree	3.21	1.16	—	2.70	1.20	2.00	2.63	1.55	1.45			
Chaddar-50" ..	5.85	3.60	2.64	5.50	3.25	3.50	2.35	2.12	1.38			
Shirting	3.75	1.37	N.A.	2.75	1.00	1.12	2.03	0.99	1.25			
Coating	2.37	1.40	1.87	2.56	1.37	1.50	1.75	1.69	1.25			

26. For the five varieties of cloth for which comparative prices are available in 1959, it is seen that Khadi of every variety is costlier than handloom or mill cloth. In the case of coating, however, price differential, particularly in the Kakinada centre, appears to be small. In the case of coatings, prices of Khadi are comparable to those of handloom and mill varieties because the volume of cotton used and also the cost of processing of these varieties are considered to be approximately the same as in the mills and on the handlooms. The margin of advantage in heavy *dosuti* cloth manufactured from mill yarn on the handlooms or by the mills is smaller on that account. As referred to above, Khadi coatings are deliberately priced higher as these are not varieties in common demand. Expert Khadi workers, therefore, hold the view that it is possible to sell Khadi coatings at prices equal to those of coatings manufactured on handlooms from mill yarn and coatings manufactured by the mills. The price differential in the case of dhotis and saris varies from centre to centre. Even centres where the margin of difference is the least, the difference is large enough to create a consumer preference in favour of non-Khadi cloth. On an average, the difference in the prices of Khadi and handloom in Madras is Rs. 1.99, in Tiruppur Rs. 1.67 and in Kakinada

Rs. 0.64 and between Khadi and mill cloth of similar count Rs. 2.06 in Madras, Rs. 1.39 in Tiruppur and Rs. 0.74 in Kakinada.

27. As observed earlier, detailed data on costs and prices were not made available to us and, in the analysis presented above, we could not distinguish between costs of production of Khadi with traditional *charkha* yarn and Ambar yarn separately and Khadi of the mixed variety. *Prima facie*, it appears to us that costs per yard of Khadi manufactured with Ambar yarn or the mixed variety, in which Ambar yarn is used for warp and traditional for weft, should be lower by 3 annas per yard than Khadi manufactured exclusively with traditional *charkha* yarn because of the cost per hank of Ambar yarn is 0.75 as. less than the cost of traditional *charkha* yarn. Even if Ambar yarn is mixed with traditional *charkha* yarn, the lower costs of Ambar yarn must contribute to the reduction in prices of Khadi. Khadi institutions in several parts of the country informed us that on local sales of Khadi in the areas of its production, they allow an additional rebate ranging between 1 anna and 2 annas, financing this additional subsidy from the economies in transport and distributive costs.

28. We were informed by a representative of the Certification Committee that several institutions at present pass the benefit of the lower costs of Ambar yarn to the consumer. Some manufacture certain specific varieties of cloth exclusively with Ambar yarn and sell cloth cheaper, though in the sales centres no distinction is made between cloth from Ambar yarn and cloth from traditional *charkha* yarn in order to avoid any differential being created in favour of Ambar cloth. In calculating costs of production, we were told, that the total costs of traditional *charkha* yarn and Ambar yarn are pooled before they are distributed to the weavers and the cost per yard of cloth is correspondingly reduced. Where neither of the two systems is followed, institutions have adopted varying practices, such as crediting the lower prices of Ambar yarn to a special reserve fund, and/or financing the additional discounts over and above the discounts prescribed by the Certification Committee for local sales. We also understand that one or two institutions, particularly in Madras, utilise the economies of Ambar yarn for paying an additional rebate of 6.25 per cent in the rupee in addition to the normal rebate paid by the Commission.

29. Our study of costs and prices of Khadi will be incomplete if we do not mention certain glaring anomalies. Although quite a substantial percentage of the staff employed at the production centres run directly by the Commission in different parts of the country, production centres organized in Intensive Areas and in the production centres organized and run by the Government of Madras, the expenditure incurred on the salaries of these personnel is not debited to Khadi account. As pointed out later in Chapter 14, most of these personnel are paid comparatively higher scales of salary and allowances than personnel in charge of similar work employed by the Khadi institutions. Production centres mentioned above receive, however, rebates and

subsidies on the same scale as the institutions, although the entire costs of management are borne by the Commission or by the State Government. This is an unsatisfactory state of affairs and obviously needs to be corrected.

30. Another glaring anomaly is that most Khadi institutions in the country appear to debit to the costs of production of cloth 20 per cent as management and establishment charges, although, in many cases, the actual costs of establishment are known to be smaller. In any case, there has been no attempt to relate the percentage debited to total costs to the actual expenditure incurred on overheads. In brief : costing of Khadi needs to be placed on a scientific footing and all overhead expenditure brought into trading account and some measurable relation established between actual overheads costs and entries in the accounts.

31. Although the data available to us for the analysis of costs and prices of Khadi are, for reasons which we cannot but deplore, inadequate, the statements made by the representatives of institutions in all parts of the country support the view that very little effort has been made to cultivate locally varieties of cotton suitable for hand-spinning. As pointed out in Chapter 2, Mahatma Gandhi and later the A.I.S.A. emphasised that Khadi can have a place of its own only if cotton was grown locally and woven in the same area mostly for local consumption. Even the limited data available to us show that prices of cotton vary between very wide limits and, constituting as it does a fifth of the total costs, even in areas where local cotton is available, it seriously affects prices. We were told that on the average incidence of transport of raw cotton from the market of its purchase to the place of its use varies between 3 annas and 8 annas per seer, and even such important Khadi producing States like Bihar import the bulk of the cotton required by them from outside. The position in Orissa, Bengal and Assam as regards cotton supply is even worse. Reduction in the price of Khadi, on which alone depends its marketability, cannot be effected unless earnest efforts are made in every State to produce local varieties of cotton. As pointed out in Chapter 6, expert opinion available to us indicates that satisfactory varieties of cotton can be grown almost in every part of the country; and unless the development of Khadi is based upon supply of local cotton, one of the important factors on which the reduction of costs of Khadi depends, cannot be brought into play.

32. Although handloom weavers are available in most Khadi producing areas, the rates of wages paid are considerably higher than for corresponding varieties of handloom cloth, owing to the inferior quality of handspun yarn and their unmistakable preference for mill yarn. We were also told that Khadi weavers are generally capable of weaving only certain counts of yarn and cannot rise to a level of performance needed for weaving higher counts. We are of the view that weaving skill can be transmitted from one State to another; and if a deliberate planned effort is made to train local weavers and, if

necessary, to assist weavers to migrate to areas of yarn production, movement of yarn and cloth can both be reduced to the minimum. If the production of yarn can be woven into cloth of design suited to the local demand, the transport costs of yarn and cloth and, therefore, of costs and prices, can definitely be reduced.

33. Above all, the most important aspect of the question is increase in the productivity of spinners. As explained in Chapter 13, *samyukta* spinning model holds out the promise of producing 10 to 12 hanks per day as compared with the average output of 1.82 hanks per day on the Ambar. Already with the present Ambar a reduction in the price of cloth of nearly 3 annas per yard has become possible because of the comparative cheapness of Ambar yarn. If productivity of spinners can be stepped up to, say, 8 to 10 hanks per day and full time work on the Ambar becomes the rule, weavability of the yarn will improve and weaving of Ambar yarn will no longer present the problems it has so far. Unless earnest efforts are made to reduce avoidable movement of cotton, yarn and cloth, and productivity is increased, prices cannot be reduced.

34. The price differential between the Khadi and mill cloth varies, as stated above, between 10 annas to Rs. 2. With the Ambar the differential could be reduced by 3 annas. Already institutions are paying additional rebates of $6\frac{1}{2}$ per cent to $9\frac{3}{4}$ per cent on different varieties of Khadi sold locally, which means an additional 1 anna to $1\frac{1}{2}$ anna. In some of the production centres, we were told, that as much as $12\frac{1}{2}$ per cent additional rebate is given. As stated in the concluding paragraphs of Chapter 5, economies at present inherent in Ambar have not yet been realized; and if further economies are realized, through increase in output and reorganization of the Khadi programme, the price differential against Ambar cloth can, as pointed out by us in Chapter 23 of Part II, be reduced and Ambar made a truly viable proposition both from social as well as the other stand-points. We earnestly hope that this object will in fact be achieved.

CHAPTER 8

EMPLOYMENT AND WAGES

As explained in Chapters 4 and 5, the implementation and development of the Khadi programme by the end of 1958-59 provided part-time employment to 12.52 lakh spinners and 80,300 weavers, and full-time employment to 67,000 persons in different kinds of jobs related to the production of Khadi. To assess the impact of Khadi industry on under-employment and unemployment in the country, it is necessary to examine in detail the categories of persons employed, the nature and size of employment provided and the levels of earnings of the different groups of artisans in the industry.

Categories of Persons

2. Representatives of Khadi institutions in all parts of the country hold the view that the principal beneficiaries of the Khadi programme are the middle peasants and lower middle classes in urban and rural areas, and landless agricultural labour and small peasants have generally not benefited by Khadi work. In isolated pockets in almost all States, however, Harijans and landless agricultural labour and small peasants have taken to hand-spinning in appreciable number. Though we do not have complete data on the subject, on the basis of the views expressed before us by all experienced Khadi workers, it would appear that the number of such people is insignificant.¹

3. It must, however, be pointed out that the bulk of the spinners on both the traditional *charkha* and Ambar registered with the institutions are women, though in a few centres, particularly in the South, men also have taken to hand-spinning. As a rule, men, who make their living mainly through labour and are known to be in economic distress, have not taken to hand-spinning, owing, partly, to the unattractive level of wages in hand-spinning and its monotonous character and, partly, to the widespread social prejudice against men taking to hand-spinning in several important Khadi producing States, such as Bihar, U.P. and Punjab. Although Ambar was primarily intended to provide work for and additional income to landless labourers and poor peasants², benefits have mostly been limited to women from hard pressed middle-class families both in urban and rural areas.

Nature of Employment

4. In spite of our earnest efforts and repeated requests, we could not get adequate information on the distribution of spinners by income groups or periods of work. We, therefore, are not in a position to indicate precisely the nature and duration of employment provided by the hand-spinning industry. The estimates given by the authorities in

1. See Appendix 9 for further discussion of this view.

2. *Report of the Ambar Charkha Enquiry Committee*, p. 51.

charge of different certified Khadi institutions varied within wide limits. In the following pages we have attempted to estimate the duration of employment of spinners and weavers on the basis of actual production of yarn and cloth during 1957-58, for which we have relatively complete data. For purposes of calculating the *per capita* output of spinners and weavers, we have relied on what Khadi workers agree is the average productivity of spinners and weavers.

Traditional Khadi

5. During 1957-58, the latest year for which complete data are available, production of Khadi for sale amounted to 273.56 lakh sq. yds.³ At the rate of 4 hanks per sq. yd. on the average, this represents an output of 1,094.24 lakh hanks of yarn. Actual production of yarn during the year may have, however, been larger because everywhere we were told that weaving facilities available are limited and, consequently, the time-lag between production of yarn and cloth may be considerable. We have, however, no data to estimate the actual excess of production of yarn over the volume woven into cloth. During 1957-58, employment was provided for 8.31 lakh spinners in all States other than Assam, Delhi and Jammu and Kashmir, in which Khadi work is negligible in quantity. Output per spinner per year during 1957-58, on the basis of actual reported production of cloth, works out to 119 hanks. The estimates of the output and earnings per spinner State-wise, are presented in Table 1.

TABLE 1

Per Capita Productivity and Earnings (Traditional Khadi) 1957-58

State	No. of spinners employed (000's)	Production of cloth (lakh sq. yds.)	Estimated yarn production ⁽¹⁾ (lakh hanks)	Estimated yarn production per spinner (hanks)	Per capita earnings ⁽²⁾ (Rs. nPs.)
1. Andhra ..	102.3	44.60	178.40	174.4	29.65
2. Bihar ..	100.0	59.85	239.40	239.4	40.70
3. Kerala ..	8.0	2.38	9.52	119.0	20.23
4. Madhya Pradesh ..	7.5	3.09	12.36	164.8	28.02
5. Madras ..	213.3	60.77	243.08	114.0	19.38
6. Mysore ..	7.4	5.94	23.76	321.1	54.59
7. Orissa ..	14.0	2.49	9.96	71.1	12.09
8. Punjab ..	58.6	32.12	128.48	219.2	37.26
9. Rajasthan ..	67.2	16.25	65.00	96.7	16.44
10. Uttar Pradesh ..	238.6	43.84	175.36	73.5	12.50
11. West Bengal ..	14.0	2.23	8.92	63.7	10.83
TOTAL	830.9	273.56	1094.24	119.0⁽³⁾	20.23⁽³⁾

(1) On the assumption of 4 hanks of yarn per sq. yd. of cloth

(2) At the rate of Rs. 0.2.9. per hank of yarn

(3) Weighted average.

3. Though data for 1958-59 are incomplete, we have worked out estimates of the duration of employment and earnings in 1958-59, vide Statement 29. The analysis, however, is based on the estimates for 1957-58.

Duration of Employment

6. Khadi institutions are agreed that an average spinner on the traditional *charkha* can produce one hank of yarn in about 3 hours. The number of spinners capable of producing more than a hank per day of 3 hours on the traditional *charkha*, we were told by all experienced Khadi workers, is very small. On the basis of the estimates of the output *per capita* presented in Table 1 above, employment provided to spinners on the traditional *charkha* is essentially part-time, and for a period ranging between 64 days in West Bengal to 321 days in Mysore, 239 in Bihar and 219 in Punjab, on the assumption of an output of 1 hank of yarn per spinner per day. The average duration of employment, calculated on the basis of the volume of cloth produced during 1957-58, for the whole country works out to 119 days or a little less than 5 months during the year at 25 days per month and 3 hours per day.

7. These figures, however, need to be corrected for two principal reasons : (a) excess of yarn production over actual production of cloth for reasons mentioned earlier and (b) the hours of work per day, which, we were told, vary from one part of the year to another. For our estimates, we have assumed that the yarn stocks with the institutions do not materially vary from year to year. Intensity of work varies from period to period and from State to State according to agricultural seasons. Intensive work on hand-spinning, or Khadi's busy season, coincides with agricultural off-seasons, during which more than 3 hours of work is put in per day.

8. In this connection it is relevant to mention that not all the spinners registered with the institution are active spinners. The percentage of active spinners on traditional *charkha* to the total number registered varies from State to State. According to the statements made before us, their percentage varies from 80 in Andhra, Bihar, Madras, Mysore, Rajasthan to 40 in West Bengal and Kerala.⁴ If allowance is made for this variation in the percentage of active to the registered spinners on the traditional *charkha*, the effective period of employment provided by traditional Khadi may be taken to be 150 days per year on the average of 3 hours' work per day. In terms of mandays, *i.e.* 8 hours per day, this means effective full-time employment is provided in traditional Khadi for 56.25 days.

4. Estimates of active spinners on traditional *Charkha*.

State	Percentage
1. Andhra	80
2. Bihar	80
3. Bombay	55
4. Kerala	40
5. Madhya Pradesh	80
6. Madras	80
7. Mysore	80
8. Orissa	70
9. Punjab	70
10. Rajasthan	80
11. Uttar Pradesh	70
12. West Bengal	40
Weighted Average	75

Earnings

9. Annual earnings of spinners on the basis of our estimates work out to Rs. 20.25 *per capita*, varying between Rs. 11 in West Bengal to Rs. 55 in Mysore. That our estimates based on the assumptions mentioned above broadly accord with actual conditions is proved by the estimates of annual earnings of spinners on traditional *charkhas* given to us by the representatives of Khadi institutions in all parts of the country. Most of them estimate the annual earnings of spinners on traditional *charkhas* between Rs. 20 to Rs. 25, an estimate which is borne out by our calculations.

Ambar

10. We were told that the percentage of active spinners to the total number to whom Ambars have been distributed, is generally lower than the percentage of active spinners on traditional *charkhas*.⁵ The estimates of institutions vary between wide limits also in regard to Ambar. We have presented two sets of calculations on the productivity of spinners on Ambar. In the first, we have calculated the productivity per Ambar distributed till the end of 1958-59 on the basis of the total production of yarn during that year. This estimate is not valid and obviously needs to be amended, because Ambars distributed during that year could have worked for only limited periods. In the other calculation we have assumed that only Ambars distributed till the end of 1957-58 were operated in 1958-59. This also is open to question because we were told that quite a number of Ambars distributed during the last quarter of 1956-57 and first half of 1957-58 were structurally defective and, therefore, could not be operated.

5. Estimates of active spinners on Ambar

State	Percentage
1. Andhra	70
2. Bihar	65
3. Bombay	50
4. Kerala.. .. .	76
5. Madhya Pradesh	60
6. Madras	70
7. Mysore	55
8. Orissa	60
9. Punjab	60
10. Rajasthan	65
11. Uttar Pradesh	60
12. West Bengal	55
Weighted Average	62

TABLE 2
Per Capita Productivity and Earnings on Ambar (1958-59)

State	Yarn Production 1958-59 (lakh lbs.)		Ambars distributed as on 31-3-59 (000's)		Yarn produc- tion (hanks)*			Yarn produc- tion (hanks)*			Earnings per spinner @ 2 as per hank (Rs. nP).
	In the year	Per day (on the basis of 200 days' work in a year)	Earnings per spinner @ 2 as per hank (Rs. nP).	Ambars distributed as on 31-3-58(000's)	In the year	Per day (on the basis of 200 days' work in a year)	Earnings per spinner @ 2 as per hank (Rs. nP).				
1. Andhra ..	3.92	26.8	263.2	1.32	31.58	12.2	578.4	2.89	69.41		
2. Bihar ..	6.24	48.2	233.0	1.17	27.96	20.4	550.6	2.75	66.07		
3. Bombay ..	1.67	18.8	159.9	0.80	19.19	13.7	219.4	1.10	26.33		
4. Kerala ..	0.96	5.3	326.0	1.63	39.12	2.2	785.5	3.93	94.26		
5. Madhya Pradesh	1.09	6.3	311.4	1.56	37.37	3.9	503.1	2.52	60.37		
6. Madras ..	3.00	13.3	406.0	2.03	48.72	4.8	1125.0	5.63	135.00		
7. Mysore ..	1.68	12.8	236.3	1.18	28.36	8.8	343.6	1.72	41.23		
8. Orissa ..	1.16	4.9	426.1	2.13	51.13	1.8	1160.0	5.80	139.20		
9. Punjab ..	3.22	18.4	315.0	1.58	37.80	10.6	546.8	2.73	65.62		
10. Rajasthan ..	3.06	19.6	281.0	1.41	33.72	13.7	402.0	2.01	48.24		
11. Uttar Pradesh	11.54	62.0	335.0	1.68	40.20	48.4	429.2	2.15	51.50		
12. West Bengal	0.75	6.5	207.8	1.04	24.94	2.8	482.1	2.41	57.85		
TOTAL	38.29	243.6 †	271.7(1)	1.38(1)	32.60(1)	144.0 †	440.1(1)	2.26	52.81(1)		

Note.—Excludes data for Assam, Delhi and Jammu and Kashmir.

*On the assumption that production of yarn was of 18's.

† State-wise break-up not available for 0.7 thousand Ambars.

(1) Weighted averages.

11. The estimates we have presented in Table 2 above, coincide with the estimates of Khadi institutions in the country. Ambars distributed by the end of 1957-58 constitute 60 per cent of the number distributed by the end of 1958-59. Most institutions in the country estimate that between 25 and 50 per cent of Ambars distributed are inactive for reasons explained in Chapter 5. It appears to us that about 40 per cent of Ambars distributed can be taken as inactive on the whole. It so happens that this coincides with the number of Ambars distributed till the end of 1957-58, i.e. the second estimate in Table 2 can be taken as an approximate measure of productivity of spinners on Ambar.

Duration of Employment

12. If we assume that spinners on Ambar worked at least as long as the spinners on the traditional *charkha*, the effective period of employment provided by Ambar would appear to be 147 days in the

year, assuming that productivity per spinner was one hank per hour. In fact, output per spinner varies from 220 hanks in Bombay to 1160 hanks in Orissa. On the basis of 3 hours' work per day, period of employment varies from 74 days in Bombay to 360 days in a year in Orissa. This indicates that the period of work per day and output varies considerably from State to State, being the highest in Orissa and Madras.

13. The analysis presented above shows that roughly about 40 per cent of Ambars distributed are wholly idle; and the 60 per cent of the so-called active Ambars are worked, as a rule, for less than 3 hours a day. Effective employment on the basis of 4 hours work per day would appear to be not more than 110 days. In terms of mandays, *i.e.*, 8 hours a day, employment provided would be only 55 days in the year. The average earnings on Ambar work out to about Rs. 53 per year.

14. The percentage of active Ambars to the total number distributed, the period of work and the average *per capita* earnings on Ambar, as stated already, generally accord with the estimates given to us by Khadi institutions. Productivity on Ambar reflects the extensive under-utilisation of its productive capacity. Though the average earnings of spinners are Rs. 53 or 2.6 times higher than on the traditional *charkha*, they fall short of the increase estimated by the Khera Committee. If we take into account also the much higher investment in Ambar, *i.e.* Rs. 90 as compared with Rs. 3 to Rs. 10 on traditional *charkha*, it becomes fairly clear that the additional investment involved has not given proportionate returns in additional production or employment. This point has been dealt with more fully in Chapter 15 and indicates the need for reorganizing Ambar production with a view to realising its potential in respect of production and employment.

15. It must, however, be mentioned that spinners on both the traditional *charkha* and Ambar in isolated pockets in almost every State in the country earn far more than the averages we have mentioned above. We were told that traditional spinners in many areas earn regularly between Rs. 10 to Rs. 15 per month and those on Ambar between Rs. 40 to Rs. 60 per month. Where family members assist the spinner, income is known to be as high as Rs. 70 to Rs. 80 per month on Ambar. These statements, though substantially true, do not affect the point that, generally speaking, the earnings of Ambar spinners are about Rs. 4 to Rs. 5 per month.

Weavers

16. Khadi weavers registered with the institutions weave both traditional *charkha* and Ambar yarn and, consequently, the total number employed should be taken together. Besides production of Khadi for the market, quite a large number of institutions also weave *swavalambi* yarn. In calculating the productivity and earnings of Khadi weavers total production of all varieties of Khadi should be taken into account. Table 3 sets out the relevant data for this purpose.

TABLE 3
Productivity Per Weavers (1957-58)

State	Production of Khadi (lakh sq. yds.)	Number of weavers employed (000's)	Production per weaver (sq. yds.)	Earnings per weaver @ 37 nP. per yd. (Rs. nP.)	Period of work (No. of days)	
					@ 5 yds. per day	@ 6 yds per day
1. Andhra	56.61	11.3	501.0	185.37	100.2	83.5
2. Bihar	68.34	5.1	1340.0	495.80	268.0	223.4
3. Kerala	3.72	0.7	531.4	196.62	106.3	88.6
4. Madhya Pradesh	3.59	0.9	398.9	147.59	79.8	66.5
5. Madras	69.02	6.6	1045.8	386.95	209.2	174.3
6. Mysore	9.39	1.5	626.0	231.62	125.2	104.4
7. Orissa	3.85	1.4	275.0	101.75	55.0	45.8
8. Punjab	151.02	19.8	762.7	282.20	152.5	127.1
9. Rajasthan ..	38.58	4.8	803.8	297.41	160.8	134.0
10. Uttar Pradesh ..	134.47	17.1	786.4	290.97	157.3	131.1
	538.59	69.2	745.6(1)	275.87(1)	149.1	124.3

Note.—Excludes data for Assam, Bombay, Delhi, Jammu and Kashmir and West Bengal.

(1) Weighted averages.

17. During 1957-58, 69.2 thousand weavers produced together 53.9 million yds. or 745.6 sq. yds. per weaver per year. Output per weaver, as in the case of spinners, varies from 275 yds. in Orissa to 1340 yds. in Bihar. Except in Madras and Bihar, Khadi weavers in the rest of the country produce less than a thousand yds. a year.

Duration of Work

18. In most calculations it is assumed that an average handloom weaver will be able to weave 6 yds. of cloth per day. On this basis, the period of employment of most weavers registered with the Khadi institutions work out to 124 days in the year or at the rate of 25 days a month to about 5 months in the year. If allowance is made for the greater difficulty in weaving hand-spun yarn and, therefore, lower output per day, and productivity per day is taken at 5 instead of 6 yds. per day, the duration of employment is for 149 days in the year for the country as a whole. On the basis of 25 days a month, weavers find employment in Khadi for about six months a year on the average.

Earnings

19. At the rate of 6 as. a yd. the earnings of weavers work out to Rs. 275.87 per year, although the earnings vary from Rs. 101.75 in Orissa to Rs. 495.80 in Bihar. Rs. 386.95 in Madras and Rs. 297.41 in Rajasthan. The estimates of the duration of work, productivity and earnings of weavers, presented above, broadly agree with those of Khadi institutions in all parts of the country.

20. The position of Khadi weavers, from the point of view of employment and earnings, is, it is clear, very unsatisfactory. Weaving is a whole-time occupation and the weaver takes to other occupations in the villages or in towns only when earnings fall short of his minimum needs or he is completely idle. In fact, we were told that Khadi weavers, in spite of the rule that they should weave handspun yarn only, are known to weave mill yarn also, and we were told by Khadi workers in several States that this is a fact, but has, in practice, to be ignored.⁶

21. If we take into account the fact that per handloom two adults and a child participate in production, earnings from Khadi weaving per head per working day would amount to Rs. 0.74 and for the year Rs. 110.34. It is obvious that on the earnings from Khadi weaving a weaver cannot possibly support himself and his family. Even if evidence on this point was not available, it can safely be assumed that earnings from weaving are very meagre and have necessarily to be supplemented by income from other sources.⁷ Productivity of the Khadi weaver has to be raised; and he has to be assured work for the whole year if he is to become a willing member of the community engaged in the decentralised textile industry in the villages. At present, he has neither interest in, nor understanding of, Khadi as such. For him, Khadi is a necessary evil rather than a positive attraction. With extremely low earnings and precarious employment and without active participation in Khadi organization, he has neither heart in his work nor the right attitude towards it. That, may we repeat, is not his fault. It is due to the conditions under which he has to work and the returns he gets for it.

22. To sum up; hand-spinning on both the traditional and Ambar provides part-time employment to women from the lower middle class in both rural and urban areas. The average earnings of a spinner on traditional *charkha* are, making allowance for factors mentioned above, Rs. 20 and on Ambar Rs. 53. The duration of employment is, on the average, 150 days in the year and for a period of 3 hours or less a day. Khadi weavers also are employed for a period between 5 to 6 months and their average income per year is Rs. 276.

23. It is necessary to calculate the net volume of employment provided by Khadi work. If the percentage of inactive spinners on the traditional and Ambar is taken at 25 and 40 per cent, respectively, on the basis of the estimates made by the Khadi institutions, actual spinners employed are 9.03 lakhs out of the 12.52 lakhs registered with Khadi institutions. As pointed out above, the majority of them work for 3 hours or less per day. In terms of full employment, *i.e.*, 8 hours per day and 300 days in the year, employment provided was for 1.7

6. Evidence of the representatives of the Orissa State Khadi and Village Industries Board, of Bihar Khadi Gramodyog Sangh and Shri Gandhi Ashram, Meerut.

7. According to the *Working Group on the Handloom Industry* (p. 47) nearly 75 per cent of the handloom weavers earn Rs. 30 and more per month, which shows that their earnings are distinctly higher than those of Khadi weavers.

lakh spinners. On that same basis the number of weavers employed full-time throughout the year works out to 40,150. Inclusive of the 67,000 persons employed in related jobs, the total employment provided by Khadi works out to 2,77,150.

Other Personnel

24. The other categories of personnel employed by most of the institutions consist of carders, dyers, printers and dhobis. In a few cases tailors also are included among the other categories of personnel employed. Among them are included under the Ambar programme, instructors and carpenters employed at the *vidyalayas* and *parish-ramalayas* and field staff of the institutions. Generally, persons grouped under this head receive monthly salaries and enjoy regular weekly holidays. Except instructors and carpenters, the rest of the persons have to be treated strictly as "factory workers" because the conditions of the other workers are regulated by the Factory Act.

Money and Real Wages

25. As stated in Chapter 2 the rates of wages were raised from 3 as. in 1939⁸ to 6 as. in 1944⁹. In 1950-51, the A.I.S.A. revised the wage rates to 8 annas a day of 8 hours or 1 anna per hour, but related the wage rate to a standard norm of spinning.¹⁰

26. Though wage rates for weavers were also fixed by the A.I.S.A., they were not uniformly followed as the availability of weavers for Khadi work varied from State to State. To obtain the services of handloom weavers for weaving their yarn, institutions offered progressively higher wages to handloom weavers since the outbreak of World War II. After the cessation of hostilities, the same rates of wages had to be paid to them to retain their services. As pointed out in Chapter 7, the economic position of the weavers was better as compared with the spinners, as can be seen from the comparative movement in wage rates presented in Table 4.

TABLE 4
Index Numbers
1939=100

Year								Spinning wages	Weaving wages	All India cost of living index
1943	..	..	..	..	..	..	..	135	242	—
1947	..	..	..	..	..	..	..	220	530	313
1953	..	..	..	..	..	..	..	269	527	381
1957	..	..	..	..	..	..	..	272	534	417
1959	..	..	..	..	..	..	..	282	541	419

8. Jaju, Op. cit. p. 179.

9. *Annual Report*, A. I. S. A., July 1942-44.

10. *Three Years' Work*, A. I. S. A. (1952) p. 44.

27. In the reports of the three Working Groups we have studied, generally speaking, data on employment and wages are either not available or incomplete. The extent to which employment has increased in handlooms, handicrafts and small scale industries cannot be assessed on the basis of the available information for comparative purposes. Limited data are available on the rates of wages and earnings in these industries. The available information is summarised below :

28. According to the Working Group for the Handicrafts Industry, earnings of craftsmen in Hyderabad, Delhi, Madhya Pradesh and Jaipur have increased since 1954 by 60 to 100 per cent as a result of more regular and stable employment and greater employment opportunities for skilled craftsmen. Wage rates, however, have increased only slightly.¹¹ The *Report of the Working Group for the Handloom Industry* states that, between April 1956 and December 1958, earnings of handloom weavers in most of the areas surveyed have generally improved; the percentage of weavers in lower income groups has fallen and that of higher groups increased.¹² According to the Working Group for small-scale industries, in most of the units surveyed the wage increases have been more than the increase recorded by the working class consumer price index.¹³

29. These estimates are very rough approximations and cannot be a basis of comparison of Khadi artisans with those in other decentralised industries; but, generally speaking, it is a safe assumption that Khadi artisans have lost ground during this period and have fared worse than artisans in other industries.

Conclusion

30. In regard to Khadi our conclusion regarding wages unfortunately is that, really, wages in the case of spinners on traditional *charkha* have not risen, and the potentiality of rise in Ambar has not been realised; and relatively speaking, both the rates and earnings are not a material contribution to the mitigation of poverty. Increase in employment in Khadi is really to be measured on the basis of full-time work for 300 days in the year. We have given rough estimates of the extent to which traditional Khadi and Ambar have provided employment on this basis. In Chapter 16, we have given investment-output and investment-employment ratios. The Karve Committee had estimated that the decentralised sector would provide additional part-time employment to 2.30 to 3.30 lakh persons. Possibilities of Ambar were not included in their estimates and our estimates cannot, therefore,

11. *Report of the Working Group for Handicrafts Industry*, Ministry of Commerce and Industry, September 1959 pp. 56—58.

12. *Report of the Working Group for Handloom Industry*, Ministry of Commerce and Industry, September 1959, pp. 47—48, para 5, 10.

13. *Report of the Working Group for Small-Scale Industries*, Ministry of Commerce and Industry, August 1959, p. 32. para 116.

be compared. In traditional Khadi employment has been created for 2.20 lakhs by the Khadi programme and in Ambar, according to our estimates, for 0.56 lakhs.

31. The introduction of Ambar has raised the productivity and the earnings of spinners. Although the period of work on Ambar, as we have seen above, is not significantly longer, earnings are two and half times as much as on the traditional *charkha*. Except in a few isolated pockets, Ambar spinners have not been able to earn the expected 12 annas a day, though Ambar offered them an instrument capable of earning them that wage. Secondly, the *samyukta* model, which combines both roving and spinning, we are told, produces as much quantity of yarn but of better quality, and significantly reduces physical strain. In the field tests, its productivity as compared with the present Ambar has been higher. The introduction of even this instrument is not likely to yield better results, unless the Ambar project is specifically designed and implemented as a part of an effort to develop and transform the rural economy. The failure to relate the development programme to the incidence of unemployment and under-employment, we are convinced, is primarily responsible for the wide-spread under-utilisation of Ambar and the continued low level of earnings of spinners. Improvement in the technical efficiency of the spinning instrument will avail little, unless the present approach to the development of Khadi is amended and is made to accord with the basic objectives outlined by Gandhiji and now embodied in the working social philosophy of the country.

32. The success of the Khadi has, it need not be pointed out, to be measured by the employment that it provides and the level to which it raises the wages. The actual increase in production and sales is considerable, but its interest and importance lies in the extent to which it has reduced unemployment and has altered the position through raising the level of wages in the villages. Hand-spinning on traditional *charkha* has been, and has to be, a supplementary occupation, but even as such, its efficacy from social stand-point has to be judged by its ability to utilise available idle man-power and contribute to the family income of the spinners. From this point of view, the contribution of Rs. 2 per month per active spinner is obviously inadequate: but when the facts that in real terms the rate of wages and, therefore, earnings are only two-thirds of what they were in 1939, and efficiency of the spinner and his total output have been practically stationary since hand-spinning was undertaken on an organised national scale, are also taken into account, the position becomes definitely disquieting. Khadi workers are definitely of the opinion that this level of wages cannot be increased without raising the price of Khadi beyond the means of most of its customers. The outlook for the spinner, it is abundantly clear, in the present context is anything but reassuring. This fact by itself is a chastening commentary on the present position and suggests the urgent necessity of rethinking on, and reorganization of, the whole Khadi programme.

33. Ambar was intended to greatly improve the position by introducing a new technique of hand-spinning through (a) an increase in productivity, (b) reduction in costs and (c) increase in the level of wages and earnings. In fact, productivity and earnings have increased, and Ambar spinner's income is nearly two and a half times as much as that of traditional spinner, but in spite of it the increase both of productivity and income is much below the original expectations and the potential of Ambar. As pointed out in Chapters 5 and 13, the prospect of Ambar becoming a more efficient instrument is definitely in view, but the problems of utilising the full potential of Ambar and providing market for Ambar yarn and, therefore, cloth cannot be solved without reorganization of the Ambar programme on an entirely different basis. At present it is clear that increase in productivity and earnings, which have taken place, are very disproportionate to the effort that has been made and expenditure involved. Ambar, in its conception and in practice, provided a new technical basis of Khadi programme, but it requires a very different context if it is to realise its possibilities. We deal with this problem in Part II; and here we can conclude with the general statement that the concept of Khadi, speaking broadly, is suited to the facts and needs of the situation, but calls for organizational and social changes of far reaching character, which can be and, we earnestly hope, will be carried out.

CHAPTER 9

SELF-SUFFICIENCY

"The mission of the All India Spinners' Association has from its very inception been to make every home in India self-sufficient through Khadi with reference to its clothing requirements".¹ Thus, vastraswa-valamban, or the scheme for the promotion of production for self-consumption has been one of the primary objectives of the Khadi programme right from the beginning. In spite of these efforts "to study, demonstrate and attract popular attention towards the distinctive economic theories of decentralisation and self-sufficiency as pronounced under the ideology of Khadi"², the A.I.S.A. and its affiliates under the force of circumstances, undertook production for sale, and the primary objective of production for use on that account did not receive its due attention. Although several efforts were made to redress this position³, it was only after the release of Gandhi in 1944 that the A.I.S.A. was able to reaffirm its allegiance to this objective and organize efforts to realise it⁴.

2. The scheme for the promotion of self-sufficiency in cloth of the A.I.S.A. aimed at the introduction of the *charkha* in all the homes of rural India, provision of training in carding, spinning and other processes to enable the people to spin adequate quantities of yarn to clothe themselves by their own efforts, local growth of such varieties of cotton as were suitable for hand-spinning and organization of weaving centres in appropriate places to enable the self-spinners to get their yarn woven into cloth.⁵ Mahatma Gandhi clearly stated that the success of the Khadi scheme was to be measured "not in terms of production and sales figures, not even by the number of people wearing Khadi but by the number of men and women who could be taught to clothe themselves through their own effort with a clear consciousness of the ideals of *ahimsa*, self-reliance and self-sufficiency."⁶ He, therefore, suggested that the A.I.S.A. should reorganize its work so "that the village became the unit of Khadi activity and everyone took to spinning for self-sufficiency on a self-help basis".⁷ He introduced the new rule that Khadi "should be sold only against a certain percentage of payment in self-spun yarn so that those who wanted to wear Khadi should have to spin for themselves or give up Khadi altogether".⁸

1. Resolution of the Acting Advisory Council of the A.I.S.A., February 28, 1944, quoted in *Decentralization of Khadi work*, A.I.S.A., (1944), p. 1.

2. Ibid.

3. Ibid.

4. Jaju, S.K. *All India Spinners' Association and its work*, A.I.S.A., 1951, p. 19.

5. Ibid, pp. 29—31.

6. Pyarelal, *Mahatma Gandhi : The Last Phase*, Vol. 1, Navajeevan Publishing House, Ahmedabad, 1956, p. 55.

7. Ibid, p. 56.

8. Ibid, p. 57.

3. As a part of the reorientation of Khadi work, the A.I.S.A. decided to hand over the commercial aspects of its work to institutions specially certified for the purpose in all States except in Tamilnad⁹, and devote itself to the promotion of self-sufficiency through the organization of *katai mandals* and to the provision of all facilities required for training of spinners and weavers.¹⁰ As desired by Gandhiji the A.I.S.A. assumed the responsibility of becoming, in the words of Gandhiji, "the custodian of the values for which Khadi stands and a central research organization for providing technical assistance and moral guidance to the local organizations."¹¹

4. This phase, however, was short-lived, and soon after the A.I.S.A. itself in its Five Year Plan to the Planning Commission in 1951 again veered round to making production for sale the main object of the Plan. In this scheme, which aimed at the total production of Khadi of Rs. 25 crores, 80 per cent of the total production was meant to be marketable Khadi.¹²

5. There was a provision in the Plan for training and propaganda for promoting self-sufficiency, but the target for production for use was only 20 per cent out of the total production and, as stated above, the main emphasis was placed on production for sale without any special concern for developing local markets.¹³

6. The object of self-sufficiency in theory was kept to the fore and at its very first meeting (February 3, 1953), the All India Khadi and Village Industries Board accepted the self-sufficiency scheme of the A.I.S.A. and authorised the payment of subsidy at the rate of 8 annas per sq. yd. of cloth produced from the yarn spun by self-spinners during 1952.

Evolution of the Scheme

7. During 1954-55, the Board desired to divide the assistance for promoting self-sufficiency between self-spinners and institutions. The assistance to self-spinners was intended to cover a part of the weaving wages in order to promote production for use and to institutions to compensate them for the additional work involved in arranging for the weaving of yarn of self-spinners. The modified scheme of the Board, as accepted by the Government of India, was the payment of a subsidy at the rate of 75 per cent of the weaving wages or 5 annas per sq. yd. whichever was less, up to a maximum of 20 yds. per person per year, and 2 annas per sq. yd. to the institution as compensation for its additional work.¹⁴ In January 1956¹⁵, at the instance of the Board, the ceiling of 20 yds. per person per year for the payment

9. Jaju, S. K. Op. Citi. p. 28.

10. Ibid, p. 29.

11. Pyarelal, Op. Citi. p. 56

12. *Khadi Five Year Plan*, A.I.S.A., p. 12.

13. Ibid, p. 10.

14. Government of India letter No. 16(3) /56-Khadi, dated 29-10-56.

15. Government of India letter No. 16 Cot. Ind. (1) (5) /55, dated 30-1-1956.

of subsidy during any one year was removed. The scheme as amended continued unaltered till January 1958.

8. Despite the sharp increase in production of cloth under the scheme, some of the certified institutions in a few States were not satisfied with the manner in which the financial assistance was being claimed from the Commission and the quality of cloth that was being produced under the scheme. On the basis of the representations made by them, the Certification Committee recommended to the Board that *Vastraswavalamban* subsidy should be restricted to cloth woven from yarn of 7 counts and above.¹⁶ The Board accepted the recommendation and advised the Commission to revise the scheme as suggested by its Certification Committee.¹⁷ This recommendation was accepted by the Commission and implemented in January 1958.¹⁸

9. After the revision of the scheme, however, the Saurashtra State Board represented that the restriction of the subsidy to cloth woven from counts 7 and above would be unfair to *swavalambis*, who wore habitually coarse cloth woven from 4 to 7 counts of yarn. As the restriction of the subsidy to counts of 7 and above was primarily to discourage certain malpractices and not genuine self-sufficiency, the Board recommended to the Commission the removal of the restriction so long as it was satisfied that cloth woven from such coarse counts was for self-consumption.¹⁹ The Commission accepted the advice of the Board and removed the restrictions in February 1959,²⁰ and at the same time, reduced the rate of compensation to the institutions from 2 annas to 3 nP. per sq. yd., as it held the view that weaving facilities available with the institutions since the introduction of the Ambar Scheme, had been considerably expanded and special expenses incurred by them to weave yarn produced for use did not justify the payment of subsidy of 2 annas per sq. yd.

10. This view, however, is controverted by organizations, which are mainly devoting their energy to production for use, for by the reduction of the rate of subsidy to 3 nP. per sq. yd., their main source of income for maintaining their workers would practically be eliminated. This would involve serious hardship to the units and institutions, which have organised genuine production for use. We are of the view that the whole question needs to be reviewed and, in cases referred to by us, subsidy at the rate of 2 annas per sq. yd. should be continued until such time when these units can find alternative sources of income for maintaining their workers.

Review of the Scheme

11. Production of cloth under the self-sufficiency scheme increased from 10.10 lakh sq. yds. in 1953-54 to 177.11 lakh sq. yds. in 1957-58,

16. Proceedings of the Board's meeting dated January 13 and 14, 1958, Item No. 8(4).

17. Ibid.

18. Proceedings of the Commission's meeting dated January 24, 1958, Item No. 5, Resolution No. 163.

19. Proceedings of the Board's meeting dated, 7-1-1959, Item No. 6.

20. Proceedings of the Commission's meeting, dated, 9-2-1959, Item No. 3(d).

but decreased to 99.8 lakh sq. yds. in 1958-59, owing to the restriction of subsidy to cloth woven from yarn of 7 counts and above. Production of cloth under the scheme, which constituted only 9.76 per cent of the total production of cotton Khadi in 1953-54, increased to 21 per cent in 1955-56 and to 31 per cent in 1956-57 and 1957-58. In 1958-59, however, production decreased to 14.7 per cent.

12. Analysis of the year-wise progress of production under the scheme in different States shows wide variations in their relative position in the scheme. The details of the total production of Khadi, production under self-sufficiency, year-wise and State-wise, are presented in Statement 30. Table 1 gives indices of the progress in production under the scheme since 1953-54.

13. In 1953-54, Madras, Bombay, Punjab and Bihar taken together accounted for 9.15 lakh sq. yds. in a total production of 10.10 lakh sq. yds. or 90.6 per cent. In Bombay, production under self-sufficiency

TABLE 1
Index Numbers
State-wise Production under Self-sufficiency Scheme
(Base 1953-54 = i.e. 1953-54 = 100)

State	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
1. Andhra	100	127	193	187	220	153
2. Bihar	100	37	50	113	115	355
3. Bombay	100	146	175	117	159	89
4. Madras	100	50	30	30	23	12
5. Mysore	100	64	64	15	76	76
6. Punjab	100	294	717	1,163	1,287	780
7. Rajasthan ..	100	92	355	604	670	252
8. Uttar Pradesh ..	100	378	989	1,611	2,055	2,144
9. West Bengal ..	100	800	200	533	333	367

scheme accounted for 54 per cent of State's total production, in Madras 14 per cent, in Punjab 10.4 per cent, and in Bihar 6 per cent. By 1957-58, however, the relative position of these four States under the scheme changed radically. In total production of 177.11 lakh sq. yds. Punjab accounted for 107.77 lakh sq. yds. or 61 per cent, U.P. for 38.3 lakh sq. yds. or 22 per cent and Rajasthan for 12.21 lakh sq. yds. or 7 per cent. Three States collectively accounted for 158.28 lakh sq. yds. or 89.4 per cent of the total production under the scheme. Although Bombay produced in 1957-58, 9 lakh sq. yds. or about 47.62 per cent of the total Khadi production in the State, its contribution to the total production of *swavalamban* Khadi was just a little over 5 per cent. Production of Khadi for self-use in major Khadi

States like Madras, Bihar and Andhra was negligible. Statement 31 presents percentage shares of States in the total production of self-sufficiency and percentage of the latter to the production of Khadi in each State.

14. The sharp fall in the production of this Khadi in 1959 in Punjab and in Rajasthan indicates that the bulk of the production under the scheme in both the States was of cloth of 7 counts and below. In 1958-59, there was an appreciable increase in the production of cloth under the scheme in Bihar and in Uttar Pradesh.

15. At the end of 1958-59, production under this category all over the country constituted only less than 15 per cent of the total production. While the percentage of production under the scheme constituted a negligible proportion in Andhra, Madras and Rajasthan, this production accounted for nearly 32 per cent in Punjab, 26 per cent in U.P., 12 per cent in Bombay and 9 per cent in Bihar. In the other States, proportion of production under this scheme was hardly of any importance to the total production of Khadi in them. Consequently, U.P., Punjab, Bombay and Bihar accounted for 91.37 lakh sq. yds. in a total output of 99.8 lakh sq. yds.

Compulsory Deposits

16. In almost all States the certified institutions are continuing the old practice started by the All India Spinners' Association of withholding a part of the payment of wages due to spinners in cash and paying them in Khadi cloth instead. The quantity sold to spinners account for about 10 per cent of the total retail sales of Khadi (Statement 32). The portion of wages so withheld varies from State to State, but 25 per cent deduction seems to be the general rule.

17. It was stated by all institutions that if the spinners had free choice in the matter, *i.e.*, they were not compelled to buy Khadi in part payment of their wages, they would not buy it at all owing to its higher price as compared with mill cloth. In view of the fact that both the rates of wages and the earnings of the spinners are very low and have fallen considerably in real terms, this practice, in effect, means further reduction of their real wages. The position in this respect appears to us open to serious criticism and not in keeping with the true spirit of self-sufficiency or *vastraswavalamban*. Sales to artisans are not included in the figures of production for self-consumption given in this chapter. But the fact that they account for total sales of about one-tenth of the total retail sales and constitutes more than half the volume of production under *vastraswavalamban* shows their relative importance in the whole programme. We are, it may be repeated, of the view that this practice is wrong in principle, and ought to be discontinued. The spinners should, if they understand the implications of Khadi, use cloth woven from self-spun yarn. As Khadi is more costly and the income of spinners very low, incentive to do so has to come from within. This is not the case now, and our view that this practice ought to be discontinued, if acted upon, would right a real wrong.

18. The whole scheme of self-sufficiency requires to be specially investigated and reviewed. The States of Madras, Andhra, West Bengal and Kerala, where the pressure of population is known to be high and incidence of unemployment and under-employment about the greatest, the scheme has failed to make any appreciable progress. It is not quite clear why the Punjab and U.P. occupy such a leading, almost dominant, position in this respect. It is most likely due to the fact that the practice of hand-spinning without any special incentive has been and is still common in these States; and the subsidy given by the Commission has merely enabled these spinners to avail themselves of this benefit. It does not really mean an increase in self-sufficiency and has not materially affected the extent of involuntary idleness in these States. In the other States, the practice of hand-spinning for self-consumption has greatly diminished, and the quantity of cloth woven from self-spun yarn has not only not increased, but in some of the important producing States like Andhra and Madras has, relatively speaking, been reduced to the vanishing point.

19. The conclusion, which has been forced upon us by the facts of the case, is that one of the prime objects of Khadi, *i.e.*, utilisation of idle man-power of the country for production for use, has hardly been realised. The reasons for this failure are not known. The fact that three-fourths of the weaving charge is paid from public funds should have been a strong incentive for spinning for self-consumption; but the fact that this has not happened calls for, as stated above, full and careful investigation. The scheme of self-sufficiency, as it is fairly clear, has not achieved its real object and needs to be revised in the light of the considerations stated above. We have stated in Chapter 21 of Part II that self-sufficiency, in the real sense of the word, means full utilisation of idle man-power, the utmost use of local resources and reduction to the minimum of the avoidable movement of goods. Conceived in these terms and not as a means of setting up a closed economy in the villages, self-sufficiency really amounts to planned rationalisation of production, sale and distribution of commodities, and is not open to any serious criticism on economic or social grounds, and can and should be made one of the most important features of the development of the economy as a whole. In Chapter 21 of Part II, we have outlined our proposals on this basis, and we believe that they can safely be commended for adoption.

CHAPTER 10

TRAINING PROGRAMME

1. THE BACKGROUND

Training of personnel required for the implementation of the development programmes for the industries entrusted to it was one of the important functions of the All India Khadi and Village Industries Board. Regarding the importance of systematic training of personnel, the Planning Commission observed that "in the past there was no organized system of training for village artisans. For the greater part, crafts were chosen on the basis of caste, and skills were passed on from one person to another. These methods proved inadequate against the competition which village crafts had to face, so that new products came into the village market and tended to replace the old. With tools of new types coming into increasing use, for instance, in agricultural operations, the demand for the service of local artisans has further diminished. Training programmes have now to be organized on a large scale if the process of adaptation on the part of village artisans is to be expedited. For many years State Governments have relied on demonstration parties and peripatetic parties for achieving this result. It has been found that demonstration parties are unable to provide continuous guidance. On the other hand, peripatetic parties, which give longer training, are unable to maintain any system of follow-up after they have imparted training."¹ Training programmes of the Board were to assist artisans to acquire new skills and adjust their production to changed conditions.

2. To assess the scope of its responsibility for providing training facilities, the Board appointed in 1953 a Training Survey Committee to ascertain the nature and the range of training facilities available in the country. After a detailed investigation of the training facilities available in each of the States in the country, the Training Survey Committee reported to the Board that "the arrangements for imparting technical training either to established village industries artisans in the improved methods or to the unskilled labour in the village industries technique are very unsatisfactory and inadequate. . . . The methods of training adopted are not systematic and differ in many respects in different States. There is no coordination even in the technical set up or practice in different States".² Moreover, arrangements for training instructors also were held to be unsatisfactory. The staff in charge of training in many cases did not have a clear idea of the social significance of their work and a number of them lacked even technical competence.³ The Committee, therefore, recommended that the Board

1. *First Five Year Plan*, the Planning Commission, p. 320.

2. *Report of the Training Survey Committee*, All India Khadi and Village Industries Board, (1953) pp. 6-7.

3. *Ibid.*

itself should undertake the responsibility for training personnel required for its schemes.

3. To ensure that the training provided by it was of the right type and the quality of instructors satisfactory from both the technical and social points of view, the Committee recommended that a Central Teachers' Training Institute should be set up. To prepare detailed courses of training for different categories of personnel, to specify their duration and stipends to be paid to trainees, and to attend to all matters regarding training, the Committee suggested the appointment of a Standing Training Committee and a full-time Director of Training. The Board accepted these recommendations and appointed a Standing Training Committee with Shri A. W. Sahasrabuddhe as Chairman.

4. Soon after the appointment of the Board, the C.P.A. desired the Board to extend its operations to the Community Development Blocks. As the C.P.A. did not have any trained personnel to take charge of these industries and even the officers in charge of the blocks had no knowledge of these industries, the Board agreed, at the request of the C.P.A., to provide training to block-level extension officers. For this purpose, the Board decided to set up special institutions later called *mahavidyalayas*. The course of training prescribed provided, in addition to a reorientation course, general training in all the industries under the purview of the Commission.

5. The Standing Training Committee estimated, without however any detailed calculation, that the Board "should think of training about 15,000 students during the next seven years, i.e., 1956—63, and about 2,000 workers each year all over the country for the efficient implementation of the various development programmes of its certified institutions and intensive development areas, in addition to providing training facilities for about 5,000 officers of the Community Development Ministry."⁴ For this purpose, the Standing Training Committee suggested that the Board should set up three Central Institutes to train organizers, instructors and inspectors, selected from among the personnel trained at regional training centres. To meet the requirements of trained personnel of its certified institutions and intensive development areas, the Standing Committee was definitely of the opinion that the Board would have to set up regional *vidyalayas* in each State.

Training Programme

6. According to the Committee, the trainees were to be put through a course covering all rural development activities including agriculture. The Committee, therefore, suggested that each training centre "should have an intensive development scheme around it, and together with theoretical instruction, the students should take part in field work. They should be thoroughly acquainted with all the activities that go on in an intensive development area. The candidates at the training institutes were to learn to lead a community life producing all their own

4. *Annual Report 1954-55*, p. 218 et seq.

essential requirements and lead a strenuous life.”⁵ Training centres were to be so equipped as to facilitate specialisation in one or more village industries. To ensure the provision of training facilities on the required scale, the Committee suggested that the Board should contact the authorities in the States to set up such training centres in their respective areas. The Board accepted the recommendations of the Committee and requested Government to sanction funds for the purpose.

7. The intensive training scheme prepared by the Standing Training Committee could not, however, be implemented because the Government of India did not agree to the inclusion of agriculture in the training programme, as in their view it was outside the purview of the Board. Only one central *vidyalaya* as against the original target of three, was organized. Regional *vidyalayas* were located not on the originally accepted basis of one *vidyalaya* per State, but for other reasons explained in para 16 of this chapter.

8. The acceptance of the Ambar programme and the need for training personnel to implement it necessitated separate and special arrangements for training. For this purpose, a separate directorate of training was set up by the Commission, and short-term courses of training for instructors to organize and run *parishramalayas* were drawn up. These were specifically meant for the Ambar programme.

9. Training courses adopted by the central and regional *vidyalayas* were for training instructors in spinning and weaving and organizers for field work. Special courses of training were also prepared for training candidates for *vidyalayas*. The functions of *karyakartas* or instructors were to instruct and train artisans in the field and also assist in organizing production in selected areas, provide follow-up services and generally assist the artisans to improve their economic condition.

10. During the four-year period, 1954-55 and 1957-58, the duration and the content of training courses provided at the central *vidyalaya* and *mahavidyalayas* were revised several times. Till the end of 1956-57, regional *vidyalayas* conducted training courses of six-months' duration for *karyakartas*. These were primarily meant for workers with some experience of field work. Simultaneously, courses of training for *karyakartas* at the central *vidyalaya* were of 12 months' duration because these were meant for new entrants. At the instance of the Community Development Ministry, which considered the period of training too long, the period of training for officers of the Community Development Ministry was also repeatedly revised from 12 months in 1955-56 to 10 in 1956-57, and 8 in 1957-58; and the content of training was considerably reduced as a result thereof.

11. Towards the end of 1956-57, the Board reconstituted its Standing Training Committee and referred to it the problems of revising the courses of training at the various *vidyalayas*. Soon after its appointment, the Commission enlarged the functions of its Standing Training Committee so that every aspect of the training programmes could be

5. Ibid, p. 218 et seq.

examined more thoroughly. The enlarged functions of the Committee were "(i) to examine proposals for the organization of training in respect of industries falling within the purview of the Commission; (ii) to advise the Commission about the location of training institutions; (iii) to advise the Commission regarding the qualifications of the staff of the training institutions; and (iv) to examine the syllabi for various courses proposed to be started at different training institutions".⁶

12. During the two years since its appointment, the Standing Training Committee, in cooperation and consultation with the industry organizers and after a detailed investigation into the duration and content of courses of training for each of the industries under the purview of the Commission, revised both the duration and content of training courses at regional *vidyalayas* and in many of the village industries. Revision of the other courses of training is actually in progress.

Other Training Schemes

13. Besides the training schemes at the three groups of *vidyalayas*, certified institutions conduct refresher courses for their own workers to familiarise them with the latest development in techniques of spinning and weaving. Besides these, they also conducted periodically short-term training classes for a period of three months to get selected workers trained in one or more specific activities. The training activities do not, however, come within the administrative purview of either the Directorate of Training or the Training Committee.

14. Similarly, training in salesmanship, which is organized and conducted by the Sales Development Section is also outside the administrative control of the Directorate of Training. A refresher course for candidates with some experience in sales activities and another for new and inexperienced entrants are conducted by the Commission. These courses are usually for a period of three to six months, and trained candidates are absorbed by the *bhavans* and *bhandars* run by the Commission or the institutions.

2. A REVIEW OF THE TRAINING PROGRAMME

(i) *Financial*

15. Over the six-year period, expenditure on the training schemes under traditional Khadi amounted to Rs. 71.21 lakhs. The distribution of this expenditure between different training institutions, presented in Table 1, shows that expenditure on the Trimbak Vidya Mandir at Nasik, which serves as the Central Training Institution, was Rs. 8.63 lakhs or 12.12 per cent; on *mahavidyalayas* Rs. 23.57 lakhs or 33 per cent; on regional *vidyalayas* Rs. 26.11 lakhs or 36.7 per cent and on refresher courses Rs. 10.29 lakhs or 14.5 per cent. Training schemes for salesmen required for *bhavans* and *bhandars* involved an expenditure of Rs. 2.23 lakhs.

6. Commission's resolution No. 22, April 2 and 3, 1957.

TABLE 1

Expenditure on Training

(Rs. lakhs)

	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	Total
1. Nasik Central Vidyalaya	0.51	0.68	0.78	0.86	2.54	3.26	8.63
2. Mahavidyalayas ..	—	—	0.21	4.90	8.07	10.39	23.57
3. Regional Vidyalayas ..	—	0.25	8.52	3.68	4.19	9.47	26.11
4. Refresher courses (Local institutional courses) ..	—	0.50	2.68	0.89	2.74	3.48	10.29
5. Training in Salesmanship	—	0.05	0.16	0.88	0.18	0.96	2.23
TOTAL ..	0.51	1.48	12.35	11.21	17.72	27.94*	71.21*

*Exclusive of Rs. 38,000 disbursed in 1958-59 for a special training scheme.

State-wise

16. The analysis of expenditure on training schemes, State-wise (Statement 33), shows that Bombay accounted for Rs. 24.71 lakhs or 35 per cent of the total expenditure of Rs. 71.21 lakhs; Bihar for Rs. 8.38 lakhs or 12 per cent, and Uttar Pradesh, Punjab and Madras for Rs. 6.93 lakhs (9.7 per cent), Rs. 6.70 lakhs (9.4 per cent) and Rs. 6.48 lakhs (9.1 per cent), respectively. While Mysore and Andhra received Rs. 3.99 lakhs and Rs. 3.15 lakhs, respectively, all other States received Rs. 2 lakhs or less. Distribution of expenditure on training between different States was, it is clear, uneven and unrelated to the estimated volume of production; and this was due to the unequal distribution of training institutions shown in Table 2. Thus, Bombay had 5 *vidyalayas* (one central *vidyalaya*, 2 *mahavidyalayas* and 2 regional *vidyalayas*), Madras and Bihar 4 each (3 regional and 1 *mahavidyalaya*), Punjab 3 (2 regional and 1 *mahavidyalaya*), but Uttar Pradesh only one regional *vidyalaya*. Distribution of training institutions among the different States was not related to the volume of Khadi activities in individual States, but was mainly determined by (a) availability of experienced workers, (b) willingness of institutions to undertake the responsibility, (c) the need of the small institutions for trained personnel. This explains why minor Khadi producing States like Bombay, where production is only 5 per cent, has 5 *vidyalayas*, while Uttar Pradesh, which has a total production of 68.35 lakh sq. yards, has only 1 *vidyalaya*.

TABLE 2

State-wise distribution of Training Institutions

State	Central Vidyalaya	Maha Vidyalayas	Regional Vidyalayas
1. Andhra	—	1	1
2. Bihar	—	1	3
3. Bombay	1	2	2
4. Kerala	—	—	1
5. Madhya Pradesh	—	—	1
6. Madras	—	1	3
7. Mysore	—	1	1
8. Punjab	—	1	2
9. Rajasthan	—	—	1
10. Uttar Pradesh	—	—	1
11. West Bengal	—	—	1
TOTAL ..	1	7	17

(ii) Training Results

17. At the end of 1958-59, there were in addition to the central *vidyalaya* at Nasik, 7 *mahavidyalayas* for training officers of the Community Development Ministry, of which three were run directly by the Commission, one by the Andhra State Board and 3 by certified institutions (Marwadi Shikshan Mandal, Wardha, Gandhi Niketan, Kallupatti and Bihar Khadi Gramodyog Sangh, Patna) and 17 regional *vidyalayas*, of which 13 were managed by certified institutions, 2 by State Boards and one each by State Government and the Commission. Except 3 *mahavidyalayas* and one regional *vidyalaya*, which the Commission was directly running, the programme of training was administered mainly by the certified institutions. The agency-wise distribution of the institutions is shown in Table 3.

TABLE 3

Training Institutions by Agencies 1958-59

Type of Vidyalaya	Commis- sion	State Govt.	State Board	Regd. Instn.	Total
1. Central Vidyalaya	1	—	—	—	1
2. Mahavidyalayas	3	—	1	3	7
3. Regional Vidyalayas ..	1	1	2	13	17

18. At the Trimbak Vidya Mandir, which serves the Commission as its Central Training Institute, 419 persons of different categories were trained during the five-year period, as shown in Table 4. Of these, 175 were spinning and weaving experts, and 184 were *karyakartas* in spinning, weaving and other related activities. At the Central Training Institute, 44 teacher candidates were trained in 1957-58 to meet the requirements of instructors in regional *vidyalayas*. During 1958-59, 16 organizers for Khadi and Village industries were trained. The training of organizers could be undertaken only in 1958-59, as the syllabus for their training course was finalized only towards the end of 1957-58. The details of the category-wise training provided during the five-year period are presented in Table 4.

TABLE 4
Persons Trained by Categories

Course	1954-55	1955-56	1956-57	1957-58	1958-59	Total
1. Katai Karyakarta	69	—	40	—	—	109
2. Bunai Karyakarta	24	—	21	—	—	45
3. Katai Visharad	—	64	45	11	—	120
4. Bunai Visharad	—	25	25	5	—	55
5. Khadi Gramodyog Karyakarta	—	—	—	—	30	30
6. Khadi Gramodyog Sangataks	—	—	—	—	16	16
7. Adhyapan Visharad	—	—	—	44	—	44
TOTAL ..	93	89	131	60	46	419

19. Over the four-year period from 1955-56 to 1958-59, during which the Commission undertook to provide training facilities for officers of the Community Development Ministry, 972 extension officers were trained at the *mahavidyalayas*, of whom 394 extension officers were trained in Bombay, as shown in Table 5 below.

TABLE 5
Training of Extension Officers (V.I) for C.P.A.

State	Location	Agency	No. of persons trained		
			1957-58	1958-59	Total
1. Andhra	Hyderabad	State Board	55	77	132
2. Bihar	Patna	Registered institution	31	41	72
3. Bombay	(i) Nasik	Commission	80	60	253
	(ii) Wardha	Registered institution.	45	38	141
4. Madras	Madras	Registered Institution.	42	38	128
5. Mysore	Krishnarajapuram	Commission	37	78	115
6. Punjab	Nilokheri	Commission	66	30	96
TOTAL			167	325	972*

*Inclusive of 19 officers trained at Ahmedabad in 1956-57 and refresher course for 16 at Nasik.

Though the Commission made provision for training 100 officers per course, the actual number deputed for training was only 972, as compared to 2,100 provided for in the original scheme, in spite of the fact that the period of training was reduced, as stated above, from 12 to 10 and to 8. This is a measure of non-utilisation of training facilities and wastage of funds provided for training. The work done in most C.D. areas, as we have pointed out in Chapter 5, has been meagre, and reflects generally the lack of appreciation of the need for and the importance of specialised training of the extension officers in village industries, and may be taken as one of the major causes of the failure of the C.P.A. to accomplish, as pointed out in Chapter 5, anything really worth-while for the development of Khadi and village industries.

Regional Vidyalayas

20. Until the end of 1956-57, regional *vidyalayas* conducted short-term training courses of six months' duration for *karyakartas*. The Central *vidyalaya* in the Bombay State, however, conducted a *karyakarta* training course of 12 months' duration. As pointed out earlier, the period of training and the syllabus followed were determined in accordance with the local requirements of institutions. Only towards the end of 1956-57, a uniform all-India syllabus for training *karyakartas* in spinning, weaving and in village industries was prepared and prescribed for adoption by all *vidyalayas*.

Short-Term Course

21. Since 1954-55 short-term courses of training were conducted only in Bihar, Madhya Pradesh, Punjab and Rajasthan. During this three year period they were conducted, 626 persons were trained in all the four States, as shown in Table 6 below.

TABLE 6

Short-Term Course

State	1954-55	1955-56	1956-57	Total
1. Bihar	67	174	62	303
2. Madhya Pradesh	—	53	16	69
3. Punjab	—	113	67	180
4. Rajasthan	35	39	—	74
TOTAL ..	102	379	145	626

The number trained in Bihar, Madhya Pradesh and Punjab fell progressively each year. The reasons for such a sharp fall in the

number trained, particularly in 1956-57, are, however, not known. The decline in the number trained at the *vidyalayas* in these States of course represents also the under-utilisation of training facilities.

Long-Term Course

22. Table 7 presents the details of the candidates trained during the three-year period 1956-57 to 1958-59.

TABLE 7
Long-Term Course

State	1956-57	1957-58	1958-59	Total
1. Andhra	—	40	24	64
2. Bihar	38	38	89	165
3. Bombay	—	32	50	82
4. Madhya Pradesh	68	19	32	119
5. Madras	38	—	40	78
6. Mysore	—	39	30	69
7. Punjab	176	77	81	334
8. Rajasthan	88	20	24	132
9. Uttar Pradesh	39	35	40	114
10. West Bengal	—	37	43	80
TOTAL	447	337	453	1,237

23. In the long-term course as well, there has been considerable wastage of training facilities; particularly in Punjab and Rajasthan, where only 77 and 81 and 20 and 24 candidates, respectively, were trained during 1957-58 and 1958-59, as against 176 and 88 in 1956-57. The trends in the number trained emphasise the need for more careful selection of candidates and earnest efforts at fuller utilisation of training facilities.

Refresher Courses

24. In addition to the training provided by the Commission through its *vidyalayas*, certified institutions conducted refresher courses for their own selected workers. During the five-year period, training was given to 6,347 workers by the institutions. The refresher courses in Uttar Pradesh provided training for 2,168 workers or nearly a third of the total number; and in Bihar 1,419 or a little over one-fifth of

the total. In the conduct of refresher courses also, workers actually trained varied from year to year and State to State, as shown in Table 8.

TABLE 8

Workers trained through Refresher Courses

State	1954-55	1955-56	1956-57	1957-58	1958-59	Total
1. Andhra	—	66	—	—	12	78
2. Assam	—	—	—	—	—	—
3. Bihar	63	74	578	356	348	1,419
4. Bombay	20	142	91	145	283	681
5. Kerala	—	129	192	169	237	727
6. Madhya Pradesh	72	67	29	—	25	193
7. Madras	—	12	—	30	12	54
8. Mysore	—	—	12	9	47	68
9. Orissa	90	—	—	—	—	90
10. Punjab	103	235	—	—	90	428
11. Rajasthan ..	86	86	—	45	189	406
12. Uttar Pradesh ..	26	621	264	481	776	2,168
13. West Bengal ..	5	30	—	—	—	35
	465	1,462	1,166	1,235	2,019	6,347

Training in Salesmanship

25. As observed earlier, there are at present two courses of training, one for new candidates called the "recruits training course" and a refresher course for those who are already salesmen. The latter was started in 1957-58. Candidates for training in salesmanship are deputed by certified institutions from among their workers and are absorbed by them after training. The "recruits training course" is conducted at Hyderabad, Bombay, Adampur-Doaba and Chomu, and the refresher course only at Bombay. During the five-year period, 1954-55 to 1958-59, 329 candidates drawn from all over the country were trained in salesmanship, and refresher courses covered 119 salesmen during the two years 1957-58 and 1958-59. Table 9 presents the State-wise distribution of the candidates who completed training.

TABLE 9
Training in Salesmanship

State	1954-55	1955-56	1956-57	1957-58		1958-59		Total	
	Recruit	Recruit	Recruit	Recruit	Refresher	Recruit	Refresher	Recruit	Refresher
1. Andhra	2	11	8	13	—	18	24	52	24
2. Assam	—	—	—	—	—	5	—	5	—
3. Bihar	1	14	5	2	—	32	—	54	—
4. Bombay	10	29	6	6	—	11	—	62	—
5. Kerala	1	1	—	2	—	12	4	16	4
6. Madhya Pradesh	—	2	4	1	—	—	2	7	2
7. Madras	—	—	8	10	—	7	—	25	—
8. Mysore	2	—	2	11	—	3	9	18	9
9. Orissa	1	—	—	—	—	5	—	6	—
10. Punjab	2	6	11	—	24	3	15	22	39
11. Rajasthan	1	5	8	2	19	5	22	21	41
12. Uttar Pradesh	12	2	6	7	—	4	—	31	—
13. West Bengal	—	—	1	—	—	9	—	10	—
TOTAL	32	70	59	54	43	114	76	329	119

Conclusion

26. In the actual implementation of the training programme during the last six years, the recommendations of the Training Survey Committee in respect of the selection of trainees and provision of training facilities for the local artisans have, broadly speaking, been ignored. The courses of training have been periodically changed without reference to the needs of the development programmes in different areas. From the review of the activities we have made in chapter 5 and above, it is clear that training programmes have not been planned in relation to the requirements of trained personnel for the development programmes. There has, therefore, been avoidable waste of training facilities and expenditure on the establishment and maintenance of training institutions.

27. Although we made earnest efforts to obtain data on the absorption of trained personnel, information made available to us by the Commission relates to only 232 out of 1,237 candidates trained so far at the regional *vidyalayas*. This, obviously, is a very unsatisfactory position and points to the need for taking follow-up action and relate the provision of training facilities to the actual needs of the programme and employment opportunities.

28. In Chapters 4 and 5 we have pointed out that most of the trained personnel lack social awareness and understanding of the importance of their work. This aspect of the training programmes has not received its due attention; and lack of understanding and appreciation of its importance has caused serious deficiency in the social outlook and approach of trained workers. As a result, very few of the trained persons have been able to take independent charge of production centres in the field. Although the Commission and its Training Committee have appreciated and recognised the importance of training organisers for the Intensive Area scheme, no special efforts have been made for training candidates for this pioneering and, in our opinion, the most important part of the Commission's work. In brief: the training programme of the Commission has fallen considerably short of the requirement of the development programme, the social and economic significance of which, as we have pointed out earlier, has not received its due consideration.

29. In the Intensive Areas even attempt has not been made to train the workers, in spite of the Commission and the Training Committee, as stated in para 6 above, being fully alive to the need for training them. This is a serious short-coming, and though we are not in a position to say how far the work of the Intensive Areas has suffered on this account, it is regretted that need for training workers for carrying out this experiment of great importance and social significance has just been lost sight of.

30. In conclusion, we have to repeat that it is a matter for real concern that in the selection of trainees, drawing up of courses and provision of training facilities and their utilisation, the results are so much below expectations and actual needs.

CHAPTER 11

KHADI COOPERATIVES

Mahatma Gandhi said that through hand-spinning he was trying "to found the largest cooperative society known to the world" and emphasised that "there must be cooperation from the very commencement". "A spinning centre", according to him, was "a cooperative society whose members are ginnerers, carders, spinners, weavers and buyers—all tied together by a common bond, mutual goodwill and service".¹ In Chapter 3, we referred to the view of the A.I.S.A. that multi-purpose cooperative societies were the most suitable agency for the expansion and development of Khadi and the concurrence of the All-India Khadi and Village Industries Board with it.² The Planning Commission emphasised the importance of organizing small-scale and village industries on cooperative lines in both the first and second Plans; but in their report on the Second Five Year Plan, they earnestly urged the view that unless they were organized on a cooperative basis, village industries had no future.³ The Khera Committee recommended that the problem of effective organization necessary for the successful implementation of a large scale Ambar Programme could be solved only by the formation of cooperative societies of spinners and weavers.⁴ The Zaman Committee, to which the Commission referred the problem of organization, endorsed this recommendation and outlined, what in its view was, a practicable method of reorganizing the work of the large certified Khadi institutions on cooperative lines.⁵

2. Although the Board was in general agreement with these views, it could not take any positive measures to reorganize Khadi work on cooperative lines because, during the period 1953-54 and 1955-56, it was pre-occupied with the questions of its own status and *modus operandi* because of the problems created by the procedural difficulties, explained earlier in Chapter 3⁶.

3. In July 1956, the Board appointed a Cooperative Advisory Committee in pursuance of the recommendation of both the Planning Commission and the Khera Committee. When it took over in April 1957, the Commission enlarged the functions of the Cooperative

1. Gandhi M. K., *Khadi—Why and How* (1959), Navajivan Publishing House, pp. 9 and 10.

2. *Khadi Five Year Plan*, p. 6.

3. *First Five Year Plan*, p. 321 and *Second Five Year Plan*, p. 433.

4. *Op. Cite.* p. 52.

5. *Op. Cite.* pp. 32-33.

6. Paras 5 and 6.

Advisory Committee "to advise the Commission regarding all matters pertaining to the organization and financing of cooperative societies for various village industries"⁷.

Work of the Cooperative Advisory Committee

4. During the period 1956-57 to 1958-59, the Cooperative Advisory Committee convened two conferences, one of the registrars of cooperative societies of all States and the other of the Chairmen of the State Cooperative Banks. The first conference examined the problems of the formation and registration of cooperative societies of Khadi and Village Industries, and the second the scope, problems and cost of channelising financial assistance through either the State Cooperative Banks or the central financing agencies. Except for the assurance of registrars of cooperative societies that if the personnel under them were strengthened, they could expedite the registration of Khadi cooperative societies, no decision was taken in regard to channelising of funds through central financing agencies for the development of Khadi through cooperative societies.

5. To ensure timely guidance and assistance to artisans desirous of forming cooperative societies, the Cooperative Advisory Committee recommended, and the Commission accepted, the appointment of a full-time Director of Cooperation at the head office. The Commission also decided to give to State Governments a grant of Rs. 10,000 per year towards the salary of special deputy registrars of cooperative societies for Khadi and village industries to enable the registrars to shorten the time taken for registering the cooperatives and meet the need for additional staff referred to above.

6. The Cooperative Advisory Committee prepared model bye-laws for Khadi cooperative societies. These have been circulated to all State Governments and large scale institutions. As a result of the efforts made by the Commission through its Director in-charge of cooperation and the special deputy registrars in the States, steps are now being taken to form Khadi and village industries cooperative societies. It may be useful to compare Khadi cooperatives with other industrial cooperatives in the country.

7. Khadi cooperatives differ from other industrial cooperatives in their size and also in their working because of the various processes that are involved in the production of Khadi. An industrial cooperative society has as its members artisans belonging to one craft or industry. A Khadi cooperative must necessarily have as its members artisans of different crafts, such as ginning, carding, spinning, weaving, dyeing and printing, and arrange for the closest possible cooperation among the different groups of artisans. Secondly, an industrial cooperative consists of hereditary artisans engaged in any one craft or industry who constitute a recognizable group or class. In the Ambar programme, there is no distinct group of artisans as such, because the

7. Resolution of the Commission No. 24, dated 3rd April 1957.

most important group of probable members, viz. spinners, has to be selected and trained before they can become members of a cooperative society. This involves considerable preliminary organizational work, such as selection of areas suitable for Khadi work, training of spinners, recruitment of weavers and other artisans. Thirdly, an Ambar cooperative must be able to organize production on some suitable scale in order to be a viable unit. For this purpose, it must have sufficiently large number of spinners and persuade the required number of weavers to become its members in order that the yarn produced by the former (spinners) can be woven into cloth by the latter (weavers). A Khadi cooperative society can be successful only if adequate provision is made for all the processes from ginning to weaving; and, therefore, corresponding to the number of spinners and weavers, other artisans also must be selected and persuaded to become members of the composite cooperative society. A cooperative society for Khadi must have self-sufficiency as its basic objective so as to minimise the problem of marketing. In addition, it has to conform to the rules of certification laid down by the Khadi Commission, viz. the members and those in charge should be habitual wearers of Khadi and refrain from the use of mill yarn or products made therefrom; undertake to pay wages to different groups of artisans at the rates prescribed by the Certification Committee from time to time, and market Khadi at the approved prices. In view of these very special problems, organizing Khadi cooperatives is a complicated process and requires special measures. The Cooperative Advisory Committee has, therefore, made special provisions in its model bye-laws distinct from those of industrial cooperatives.

Special Provision for Khadi Cooperatives

8. The bye-laws recommended by the Working Group on Industrial Cooperatives, provide for membership of artisans belonging to any one craft or industry. Besides artisans, who alone can purchase "A" class shares of the cooperative society, the bye-laws provide for the participation of State Governments, non-artisan members, sympathisers and merchants and commission agents engaged in the supply of raw materials and sale of finished products, who have dealings with the society.⁸ The shares to be sold to each of the five groups of members are described as A, B, C, D and E. The bye-laws provide that in special cases, where an entrepreneur employs 10 artisans or more, the latter can be organized into a cooperative under certain conditions.⁹ The Working Group has made a distinction between a production cooperative and a service cooperative, the former being wholly concerned with production and the latter with services such as purchase and distribution of raw materials and marketing of finished products.¹⁰

8. *Report of the Working Group on Industrial Cooperatives* (July 1958), Ministry of Commerce and Industry, pp. 215 & 226.

9. *Ibid*, p. 24.

10. *Ibid*, p. 21.

9 In the model bye-laws drafted by the Cooperative Advisory Committee of the Khadi Commission, membership is open to all categories of artisans, such as ginners, carders, spinners and weavers, who undertake to abide by the Certification Rules of the Khadi Commission, apprentice-members (*i.e.* trainees on Ambar) and experienced Khadi workers as sympathiser members. Sympathiser members, however, have the obligation to purchase at least 20 yards of Khadi a year. The number of non-artisan members, as in the case of industrial cooperatives, is not to exceed 10 per cent of the total membership.¹¹

10. From the financial point of view, there are many differences between the model bye-laws prepared by the Cooperative Advisory Committee and the bye-laws suggested by the Working Group on Industrial Cooperatives. In the model bye-laws suggested by the Working Group on Industrial Cooperatives, loans can be advanced to members only against the pledge of raw materials, or finished products belonging to them;¹² in the Khadi cooperatives, loans may be advanced to all members other than sympathisers and apprentice-members, for share capital, hire-purchase of implements and equipment.¹³ Secondly, in the Khadi cooperatives, surplus profits, if any, should be utilised for the benefit of the artisans, and whatever bonus is declared by the Khadi cooperatives can be paid only in the form of cloth.¹⁴ Dividends declared by a Khadi cooperative can be adjusted against the loans advanced to members for share capital, hire-purchase of implements and equipment.¹⁵ The provision in the model bye-laws for Industrial Cooperatives is that "payment of dividend to the members on their paid-up capital at a rate not exceeding 6½% and that payment of bonus to members may be in proportion to the volume of business done by them with the society".¹⁶ Khadi cooperatives can purchase sub-standard goods from artisans at specially fixed rates.¹⁷ To avoid this necessity from being a regular feature of its working, membership is made contingent on the attainment of a prescribed level of efficiency over a given period. This is a provision special to the Khadi cooperatives. The most important difference, however, is the Working Group on Industrial Cooperatives recommend that industrial cooperatives should, as soon as possible, arrange to get financial accommodation from cooperative banks for meeting their long-term and medium-term loans for investment and working capital.

11. *A Hand Book on Khadi Industrial Producers' Cooperative Society* (1959) Khadi & Village Industries Commission, p. 31.

12. Op. Ctt. p. 237.

13. *Khadi Handbook*, p. 42.

14. Ibid, p. 46.

15. Ibid, p. 47.

16. Op. Ctt. p. 238.

17. Op. Ctt. pp. 44-45.

needs.¹⁸ The Cooperative Advisory Committee of the Khadi Commission has not examined this aspect of the question.

11. There are also a number of differences in the constitution and functions of the managing committees. The Working Group on Industrial Cooperatives provide for a Board of Directors elected from the different classes of membership referred to above, and the nomination of three members by the registrar of cooperative societies in special cases for the first three years.¹⁹ In place of a Board of Directors, the Khadi cooperatives, according to the Cooperative Advisory Committee, will have an elected managing committee of 6 to 9 members, and one additional member nominated by the Commission who "shall have a right to make a reference to the Commission about any resolution of the managing committee affecting financial interests of the Commission with which resolution is not in agreement".²⁰ The managing committee must have at least one-third of the elected members from the weaver members and not more than one-fourth from the sympathiser members.²¹

12. As there are no separate bye-laws for Khadi cooperatives in any State, the model bye-laws prepared by the Cooperative Advisory Committee circulated to all State Governments, we understand, have been generally accepted. As explained above, the Cooperative Advisory Committee of the Commission has made several provisions in their model bye-laws to provide for the special problems arising from the nature of Khadi work. Only when a large number of Khadi cooperatives start functioning in all parts of the country can sufficient experience be gained to assess what further additions or amendments are necessary in the draft model bye-laws.

Growth of Cooperative Societies

13. The Cooperative Advisory Committee, as stated above, was appointed only recently and as the review, presented in the following pages, shows, no appreciable progress has been made to reorganize Khadi work on cooperative lines. Although the Board did not take any special steps to organize Khadi cooperatives, there were a few cooperative societies in Rajasthan, Bombay and Mysore even prior to the formation of the Board. After the formation of the Board, the number of Khadi cooperative societies increased from 42 in 1954-55 to 60 in 1955-56 and 166 in 1956-57. By the end of 1958-59 their number had gone up to 304. The number of cooperative societies increased by 18 in the first year, 106 in the second, 70 in the third and 68 in the last.

18. Ibid, p. 56.

19. Op. Cirt. p. 234.

20. *A Hand book*, p. 41.

21. Ibid, p. 38.

TABLE 1

Growth of Khadi Cooperatives

State	1954-55	1955-56	1956-57	1957-58	1958-59
1. Andhra	3	6	22	39	54
2. Assam	2	2	2	2	2
3. Bihar	2	2	7	11	17
4. Bombay	18	23	37	46	61
5. Delhi	1	1	1	2	1a
6. Jammu & Kashmir	—	—	—	—	—
7. Kerala	1	1	2	5	11
8. Madhya Pradesh	—	—	—	2	7
9. Madras	1	1	2	3	3
10. Mysore	4	14	75	106	119
11. Orissa	1	1	1	1	1
12. Punjab	—	—	1b	1b	2b
13. Rajasthan	5	5	7	6	7
14. Uttar Pradesh	—	—	4	4	8
15. West Bengal	4	4	5	8	11
TOTAL	42	60	166	236	304

a: One cooperative society was converted into a registered institution.

b: In Himachal Pradesh (one).

14. State-wise, the largest number of cooperative societies is in Mysore (119) and Bombay ranks second with 61 and Andhra with 54. While the number of cooperative societies increased in almost all States, the highest rate of increase between 1955-56 and 1956-57 was in Mysore and in Andhra. Numerically, the increase in other States was small. Even after 1956-57 the increase in the number of societies continued to be fast in Andhra, but it slowed down in both Mysore and Bombay.

By Industry

15. Of the 304 Khadi cooperative societies at the end of 1958-59, 157 societies were cotton societies, 138 woollen and 9 silk. Details of the number of societies, classified according to their field of specialization, are presented in Statement 34. All the 9 silk societies were in West Bengal. Mysore and Andhra between them accounted for 121 or about 88 per cent of the total woollen cooperatives. Year-wise, in both Mysore and Andhra the increase in the number of woollen

cooperative societies was the fastest. Of the 157 cotton cooperative societies, 57 were in Bombay, 33 in Mysore, 19 in Andhra, 17 in Bihar and 11 in Kerala.

16. It is necessary to point out that in both Mysore and Andhra woollen cooperatives account for 72 and 65 per cent, respectively, of the total number of Khadi cooperatives in them. In Rajasthan, which accounts for the major portion of the quality raw wool production in the country, however, there was not a single wool cooperative society.

17. As in the case of registered institutions, development of cooperative societies for Khadi was uneven as between States, the development, if it can be so described at all, being confined to Mysore, Bombay and Andhra, the formation of cooperative societies for Khadi in Bihar, Kerala and Bengal being small and fairly recent.

By Type

18. Of the 304 cooperative societies, 296 are single-purpose and 8 are multi-purpose societies. Of the 8 multi-purpose societies, 7 are cotton societies and one is silk. All the 138 wool cooperative societies are single-purpose and single-industry societies, as can be seen from Table 2.

TABLE 2
Classification by Type

State	Cotton		Wool		Silk		Total	
	Single purpose	Multi-purpose	Single purpose	Multi-purpose	Single purpose	Multi-purpose	Single purpose	Multi-purpose
1. Andhra ..	17	2	35	—	—	—	52	—
2. Assam ..	2	—	—	—	—	—	2	—
3. Bihar ..	16	1	—	—	—	—	16	—
4. Bombay ..	55	2	4	—	—	—	59	—
5. Kerala ..	11	—	—	—	—	—	11	—
6. Madhya Pradesh ..	2	1	4	—	—	—	6	—
7. Madras ..	3	—	—	—	—	—	3	—
8. Mysore ..	32	1	86	—	—	—	118	—
9. Orissa ..	1	—	—	—	—	—	1	—
10. Punjab ..	—	—	2	—	—	—	2	—
11. Rajasthan ..	7	—	—	—	—	—	7	—
12. Uttar Pradesh ..	2	—	6	—	—	—	8	—
13. West Bengal ..	—	—	1	—	9	1	10	—
14. Delhi ..	1	—	—	—	—	—	1	—
TOTAL ..	149	7	138	—	9	1	296	—

Nature of Work

19. The classification and analysis of cooperative societies presented above does not, however, indicate the nature of work done by the Khadi cooperatives. For this purpose, it is necessary to analyse the pattern of financial assistance received by them during the six-year period. Statement 35 presents the details of the financial disbursements to the societies under the traditional Khadi programmes.

20. Of the total grants of Rs. 67.98 lakhs disbursed to the cooperative societies for traditional Khadi schemes, Rs. 47.67 lakhs or over 70 per cent were rebate on retail sales. Of this volume of retail sales, subsidy on sales at half an anna for every rupee worth of sales payable would amount to about Rs. 8 lakhs. This means that the entire Rs. 8.79 lakhs of subsidy shown as production and sales subsidy was paid on only sales rather than on production. Besides, the cooperative societies received assistance for opening sales bhandars and honorarium for sales effected by their itinerant salesmen. These four items together amounted to Rs. 58.40 lakhs, *i.e.*, about 86 per cent of all disbursements of grants to Khadi cooperatives were on account of their sales operations.

21. The State-wise analysis of these disbursements (Statement 36) shows that almost all the societies in Mysore, Bombay and Andhra were sales rather than production societies. As in Mysore and Andhra 72 and 65 per cent of Khadi cooperatives are wool societies, it can be said that the major portion of societies in Mysore and in Andhra are Khadi woollen sales cooperatives. The responsibility for production undertaken by cooperative societies, even in the three principal States *viz.*, Mysore, Bombay and Andhra, is almost negligible in relation to the total volume of production of woollen Khadi.

22. Disbursements to cooperatives for the Ambar programme, as can be seen from the data of financial disbursements set out in Statements 37 and 38, were different in character. Cooperative societies undertook development functions, such as training of instructors, spinners, weavers and carpenters, and also manufacture of Ambars. But even in this programme, the production responsibility undertaken by them was comparatively small. On the basis of the amounts disbursed, cooperative societies distributed 3,569 Ambars during the three-year period the Ambar scheme has been in force. Analysis of the assistance, State-wise, shows that of Rs. 25.92 lakhs disbursed to cooperatives for the Ambar programme, Rajasthan, Mysore and Delhi among them accounted for Rs. 18.23 lakhs or 70 per cent, and Bombay, Bihar and Andhra for Rs. 6.14 lakhs or 23.7 per cent. All other States accounted for less than 7 per cent. These figures show the predominance of these six States in the cooperative sector of Khadi work.

23. Though the purpose for which disbursements were made were more varied and included training of personnel and manufacture of Ambars, the share of the cooperative societies as a whole, in the total

disbursements for the Ambar programme was only Rs. 25.92 lakhs or about 2 per cent of the total of Rs. 12.28 crores. The cooperatives, as it is evident, have played an almost insignificant part in the implementation of the Ambar programme. The poor achievement in the organisation of cooperatives for the implementation of the Khadi programme needs to be compared with what has been attempted and accomplished in this field in regard to other decentralized industries: for, it is generally rightly assumed that the cooperative is the most appropriate form of organisation for placing the decentralized industries on a sound basis.

Small Scale Industries

24. According to the Working Group on Small Scale Industries, hardly any information was available to it to assess progress in the growth and operations of industrial cooperatives. According to the very incomplete information available to it, 2,482 industrial cooperatives in Punjab and 149 cooperatives in Assam received financial assistance, amounting to Rs. 1.75 and Rs. 1.06 lakhs, respectively. Industrial cooperatives in Andhra Pradesh, Bombay and Uttar Pradesh received Rs. 31.92 lakhs, but the number of cooperatives in each State is not reported by the Working Group. Of the total expenditure of Rs. 26.53 crores on the development schemes for Small Scale Industries during 1956-57 to 1958-59, industrial cooperatives in five States received only Rs. 34.73 lakhs or only 1.31 per cent. The Working Group is of the opinion that "with a few exceptions, this programme (industrial cooperatives) has not generally recorded any significant progress. This shows that the entire industrial cooperatives programme needs to be reviewed in detail in order to devise means to develop cooperatives on a wide scale."²²

Handloom Industry

25. Almost the entire bulk of the expenditure on the Handloom Industry, amounting to Rs. 16.68 crores, has been through the 10,000 industrial cooperatives estimated by the Working Group as functioning in the industry. The Working Group is satisfied with "the progress in bringing looms into the cooperative fold as well as the progress made by the societies in respect of their owned resources and working results". It recommends that the "decision to organise the industry on cooperative lines should be pursued for the future. During the first two years of the third plan, all efforts must be concentrated on consolidating the results so far achieved. It is essential that, as far as possible, the under-employment of the members of the societies is reduced to the minimum and full employment is reached within a reasonable time."²³

22. *Report of the Working Group for Small Scale Industries*, Ministry of Commerce and Industry, August, 1959, p. 55.

23. *Report of the Working Group for Handloom Industry*, Ministry of Commerce and Industry, 1959, pp. 28 and 32.

Handicrafts

26. Practically no information is available on the number of industrial cooperatives operative in the handicrafts sector. The Working Group, however, observes that "many of the cooperatives have not been working satisfactorily and some of them are somewhat spurious organizations. While every care should be taken to ensure that cooperatives serve the purpose for which they are intended, the need for good and efficient cooperative societies is apparent".²⁴ The Group, however, does not indicate in its report the amount of assistance channelised through the industrial cooperatives.

Village Industries

27. Of the 6,258 industrial cooperatives in the village industries under the purview of the Khadi Commission, 2,716 cooperative societies are in palm gur, 2,482 in village oil and 591 in processing of cereals. Of the 12 industries, 3 industries account for more than one-half of the total number of cooperatives. In most village industries progress in organizing cooperatives is poor. Of the total expenditure of Rs. 10.65 crores on the development of village industries only Rs. 1.06 crores or 10 per cent could be disbursed through industrial cooperatives. As in the case of Small Scale Industries, progress in the organization of industrial cooperatives in village industries has been poor.²⁵

28. We do not have, however, any information on the progress made in the organization of cooperatives in Sericulture and in Coir Industries or the expenditure channelized through them for the development of these two industries.

29. This comparative review indicates the unsatisfactory development of cooperatives in all decentralized industries except the handloom. The fact that even information on the number and working of cooperatives could not be collected by the Working Groups for Small Scale Industries and Handicrafts shows lack of interest in, and relative unimportance of, the cooperatives in these sectors of decentralized industries. The progress, however, achieved in production of handloom cloth and the organization of cooperatives for this purpose presents a striking contrast to the record of achievement in the organization of Khadi cooperatives. The latter (Khadi cooperatives), as stated by us, present special problems of their own; but even in Khadi weaving, the cooperatives have not made any advance to speak of, and this may be taken to indicate the depressed state of Khadi weavers to which we have made reference before. But the condition of handloom and Khadi weavers are sufficiently similar to provide the basis for the assumption that, inherently speaking, the scope for organising cooperatives at least among the weavers has not

24. *Report of the Working Group for Handicrafts*, Ministry of Commerce and Industry, p. 16.

25. *Report of the Village Industries Evaluation Committee*, Khadi and Village Industries Commission, 1959, Chapters 4 to 15.

been seriously considered, much less actually utilized. The Khadi weaver has to be placed in a position of parity with the handloom weaver, and his work has to be made as attractive and remunerative as that of the former (handloom weaver). The whole position needs to be carefully investigated; but our general impression is that the poor record of achievement in cooperative Khadi weaving is possibly due to absence of earnest effort rather than of any serious difficulty; and we take this record as a measure of missed opportunities which has to be made up for.

30. Even in production of oil and palm gur, the Commission has shown better results than in Khadi. There again the relative success achieved is due, it appears to us, to earnest efforts than to any specially favourable circumstances. These facts suggest the need for serious self-criticism and assessment of the causes of this significant failure.

Conclusion

31. Review of the growth and operations of Khadi cooperatives shows that no serious attempt has so far been made to reorganize Khadi work in the country on cooperative lines. About 77 per cent of the existing cooperative societies are confined to three States, Mysore, Bombay and Andhra; and the bulk of the cooperative societies in Mysore and Andhra are merely sales cooperatives of woollen blankets. Of the total amount of Rs. 67.98 lakhs (grants) advanced for traditional Khadi work to all States over the six year period, Rs. 33.38 lakhs or 49.1 per cent were advanced for Khadi wool; and of this amount, Rs. 10.93 lakhs or 32.4 per cent were advanced to Andhra and Rs. 14.38 lakhs or 43.1 per cent to Mysore. The production of woollen goods in Andhra and Mysore constitute nearly over 80% of their total output of all varieties of Khadi; and we were informed that most of the production is under conditions not approved by the Certification Committee. The position of Khadi cooperatives under the Ambar scheme also is unsatisfactory because their role in the organization of production, training and manufacture of saranjam etc., is altogether insignificant. This conclusion appears to be well-founded because, in spite of the circulation of the recommendations of the Zanan Committee which the Commission commended to certified Khadi institutions and of the model bye-laws prepared by the Cooperative Advisory Committee specifically designed to deal with the special problems facing Khadi industrial cooperatives, progress has definitely been slow. We are of the view that the decenralization of Khadi without which, as we have pointed out earlier, expansion and development of Khadi as an integral part of the programme for the reorganization and development of the rural economy and the establishment of new social order will not be possible. Cooperative production from the cultivation of cotton to the manufacture of cloth and its sale mostly in local markets, has to be the very basis of the reorganization of Khadi programme. The importance of this point, as stated by us in the introductory paragraph, has been duly appreciated since 1944 when Mahatma

Gandhi enunciated his new approach in 1944 at Sevagram and made cooperative production and sale of Khadi in local markets its very essence. It is, therefore, essential that the development of the co-operatives, in the best sense of the word, should be given the very highest priority in the programme of reorganization. We deal with this aspect of the matter more fully in Part II, Chapter 19.

CHAPTER 12

INTENSIVE AREA SCHEME

As stated in Chapter 3, what is now known as the Intensive Area Scheme is a socio-economic experiment to explore the possibilities of the development of Khadi and village industries as an integral part of all round economic development and in the process to build up a new social structure on *sarvodaya* principles. Almost from the beginning of the Khadi movement, the A.I.S.A. was of the view that full employment for all available manpower cannot be assured unless the development of Khadi and village industries formed a part of the programme for the all round development of the economy. With this object in view, the Secretary of the Akhil Bharat Sarva Seva Sangh advised the Board in 1954 to organize the experiment in a few selected areas. The Intensive Area Scheme may be considered from many points of view a pioneering effort, as it represents a concerted and coordinated effort to develop rural areas in an integrated manner with a well-defined social purpose.

Objectives

2. In the beginning, the objectives of the experimental scheme were to make provision for the utilisation of the entire idle manpower in the selected areas and the attainment of self-sufficiency. From the experience of actual work, the need was felt to define more clearly the content of these objectives. Full employment in the Intensive Areas is taken to mean employment at a minimum income, with opportunities for progressive increase in earnings. Self-sufficiency from the beginning meant the area rather than individual self-sufficiency. The concept has now been widened to cover all that an individual needs for his full growth in a particular social context.

3. The objectives, in their present form, are expected to appeal to and win full allegiance of the people, and create the capacity to prepare and execute programmes of common endeavour and common ends. Corporate effort, it is now realized, would be fruitful only if the social objectives of development can deeply move the people, and make it worth-while for them to put in the necessary effort on a community basis. To a considerable extent, the people in the selected areas had to be educated to understand and appreciate the meaning and content of the objectives, and prepare and implement programmes to realize them through cooperative efforts. The Intensive Area Scheme, therefore, lays special emphasis on the education of the people with a view to creating in them a desire for, and appreciation of, better standards of living and demonstrating to them what they can achieve by concerted effort. The challenge of these objectives, it is held, would

provide sufficient impetus from within for the intelligent young men in the areas to remain in the villages and find adequate outlets for their talent, energy and initiative.

4. To sum up: full employment and self-sufficiency have been the two principal objectives of the Intensive Area Scheme from the beginning. But the content of these objectives has considerably changed, owing to the new processes which have been devised to realize them. Full employment today is assumed to mean not merely work of any sort at any level of income, but progressive employment with widening opportunities at a minimum level of, say, Rs. 100 per month per family. Self-sufficiency, according to the underlying concepts of the programme in operation, means not merely sufficiency in regard to provision for material needs through the self-generated and sustained action of the people themselves, but also provision of opportunities for full cultural, social and educational development. The scheme really seeks to bring about social awakening among the people and make community effort the most decisive factor in their life.

Selection of Areas

5. This experiment is, as a rule, introduced on the basis of the experience of areas where constructive work has already been done and local leaders are available who can organize the people for common effort through the confidence they enjoy and the initiative which they provide. Usually, an area consists of a group of villages with a population of 20,000 to 30,000. At the end of 1958-59, there were 67 Intensive Areas. Their State-wise distribution, the number of villages covered by them and their population are indicated in Statement 42. With the increase in the demand of several local institutions and authorities for the introduction of this experiment in their areas, it was considered necessary to start a preliminary scheme with a view to testing their suitability for this purpose. This led to the formulation of the Pre-intensive Area Scheme. At the end of 1958-59, there were 20 such Pre-intensive Areas. Their State-wise distribution, villages covered by them and their population are given in Statement 43. The Intensive Areas and Pre-intensive Areas now cover over 2,500 villages and a population of 19.5 lakhs.

Organization

6. The organizational pattern of the Intensive Areas seeks to create social awareness and encourage the participation of the people in all activities through systematic education, propaganda and direct contact. For this purpose, the local leaders, who have undertaken the responsibility for implementing the programme, organize a Kshetra Samiti. The Kshetra Samiti, which is the principal organization in the area, is a body registered under the Registration of Societies Act, 1860. Every adult resident in the area can be a member of the Kshetra Samiti by paying 4 as. as admission fee and contributing 12 days' voluntary labour for the community a year or its equivalent in cash or kind. The

members of the Kshetra Samiti elect from among themselves 9 to 11 members, who constitute the Yojana Samiti. The Yojana Samiti is the Executive Committee of the Kshetra Samiti and administers all its affairs. To assist the Kshetra Samiti in its work, the Commission appoints an Organizer and an Assistant Organizer on its recommendation, besides 9 to 15 workers to assist in actual promotional activities. The Yojana Samiti has its counter part at the village level in Gram Vikas Mandal. Gram Vikas Mandal is in charge of all development programmes at the village level. Gram Vikas Mandal consists of 9 members, who are elected from among the members of the Kshetra Samiti in the village.

7. Gram Vikas Mandal carries out detailed socio-economic surveys, during which every family in the village is contacted, is given an understanding of the purpose of the survey and the scheme, and its part in its preparation and implementation. The socio-economic surveys are always followed by group discussions with the people of the village including the members of the Kshetra Samiti, of the problems of the village, its resources and common needs, and how far the former (resources) can best be utilised for the latter (needs). Kshetra Samiti at the area level coordinates the work of the Gram Vikas Mandal at the village level.

8. Usually, integrated plans of development are prepared in one or two selected villages in the area in the first instance. These plans are based on a socio-economic survey, through which each family assesses its own capacity and willingness to contribute to and participate in the development of the village. While the plans are prepared on the basis of the survey by the Gram Vikas Mandal, the programme of work is settled by the people themselves through common discussions. The participation of people in the discussion for formulation of a programme of work provides an excellent opportunity for educating the people and making them understand what can be achieved by co-operative economic development.

9. The preparation and implementation of development plans for villages selected in the first instance is assumed to have beneficial effects on the life and development of the other villages. The success of the planned effort embracing all activities, such as agriculture, animal husbandry, nutrition, health schemes, road construction, irrigation and similar agricultural and non-agricultural activities, including programmes for Khadi and village industries, is expected to provide an example to the rest of the villages in the area to emulate them. The organized general will of the people, *i.e. gram sankalp*, is meant initially to be utilised for the development of Khadi and village industries in most of the villages of the Areas.

10. The experience of the Intensive Area Scheme in the formulation and implementation of development plans for the villages indicates the limitations of plans for the village and the area levels. These limitations are both organizational and technical. While it is possible

to organize and implement a plan for the village and design the size of the productive effort at the family level, provision of certain services, manufacture of implements and similar activities call for an organizational effort at a considerably higher level to achieve the degree of efficiency needed for rendering these services. It is intended that the village plan is integrated with the plan for the area as a whole, and the latter, in its turn, is taken to point to the need for integrated areas which are homogeneous enough to provide a basis for coordinated work at the regional level, region being taken to mean a group of development. Both organizational and technical considerations implicit in the provision of common services make it necessary for multi-tiered plans and integration at different levels for economic operations and efficient service in an ascending order.

Content of Plans

11. We have briefly described above the approach and operational methods of the Intensive Area Scheme. It is now necessary to describe briefly the concepts, according to which the plans are expected to be prepared. As stated already, the primary objective of all development plans is to change the whole life of the people through a reorganization of the rural economy in a new social order. The socio-economic surveys are carried out to ascertain the existing occupational distribution of the people, and the plans are meant to bring about an all round economic development in a balanced and diversified rural economy. This necessarily involves a redistribution of manpower among different occupations. In most plans, attempt is made to divert manpower from agriculture to other development activities, such as construction of new wells and repair of old wells and tanks for better irrigation, roads and communications, contour bunding. Besides these, construction for common purposes, such as godowns, workshops, production centres, etc., also provide additional outlet for surplus manpower. Annual budgets of manpower, needs and resources are, according to these plans, prepared which, when they go into effect, are designed to bring about the desired occupational changes; and targets of production for agriculture and other activities are laid down through them, to which available resources are to be applied on a planned basis. The programme is flexible; and though the object of achieving a minimum standard of living is steadily kept in view, the programmes are framed on a yearly basis and continuous adjustments are made in them in the light of actual conditions and experience.

12. Resources available to the Intensive Area Scheme are limited to what the people by and large can achieve with their own resources. The Khadi Commission, besides providing the organizational staff mentioned above, provides assistance only for the development of Khadi and village industries, and in a few cases the State Governments, at the instance of Ministry of Home Affairs, have provided assistance for construction of houses for Harijans. Except in one area, for which we have information, where additional funds have become available

through extension activities of the Community Project Administration, expenditure on agriculture, animal husbandry, health and sanitation, rural housing, remodelling of villages have, generally speaking, been limited by what the people themselves have been able to raise for these purposes. An attempt has also been made to organize women and raise their cultural level. Women's clubs for this purpose have been organized in almost all areas, and recently a move has been made to organize community kitchens to release women's labour for agriculture, and give them leisure for the satisfaction of cultural interests. It is also proposed to organize village dairies in these areas so that the livestock can be looked after better and more efficiently.

13. Among the most important activities recently organised is the experimental cooperative farming. In view of the fact that cooperative farming has become a subject of topical interest, cooperative farming on a voluntary basis has been organized in Intensive Areas to acquire experience of its working and provide empirical basis for further action. In all about 13 farming cooperatives have been organized and are operating. The example set by the more successful ones has led to the extension of cooperative farming societies to other areas. It is too early yet to come to any firm conclusions regarding the success or otherwise of these attempts. It is, however, being realised that formation of these cooperative societies would make the outlook for integrated economic development brighter and agriculture the cardinal feature of the work in the areas, in which they have been formed.

14. While what has been said above represents, in general terms, the concept, objectives and working processes of the Intensive Area Scheme, we were not able to obtain detailed statistical data, even of an illustrative character, to assess what has been achieved for the development of Khadi and village industries in the context of an integrated effort to change the economy as a whole. We are, therefore, not in a position to express any opinion on what the scheme has been able to realise in concrete terms in relation to its wider and intrinsically sound economic and social objectives. While the Intensive Area Scheme represents, perhaps, the most important effort at integrated development with self-sufficiency as one of its major objectives, we are seriously handicapped in our analysis by incompleteness of data, which could have thrown considerable light on some of the important points, which need to be considered for evaluating the Khadi programme as a whole.

15. On the implementation of the Intensive Area Scheme the Commission has so far incurred an expenditure of Rs. 1.48 crores, of which the Khadi programmes alone account for Rs. 59.16 lakhs in the form of rebates, subsidies and loans for investment and working capital. Details of the year-wise disbursements by purposes are given in Statement 44. For the special schemes of the Intensive Areas, assistance by way of grants and loans is also provided for Khadi godowns, community production centres, work sheds and workshops according to a special scale. A part of the expenditure of Rs. 59.27 lakhs for these

common purposes has also to be debited to the Khadi account. We consider that an estimate of Rs. 75 lakhs as debitable to the Khadi account not unreasonable or excessive. This would mean that, roughly, one half of the total expenditure on the Intensive Area Scheme has been incurred for the development of Khadi. As stated above, we cannot, for want of data, say what contribution the Intensive Area Scheme has been able to make for the development of Khadi and what is the bearing of this experience on the programme.

Production and Sale of Khadi

16. Production of traditional Khadi in the Intensive Areas increased from 3.63 lakh sq. yds. in 1956-57 to 8.54 lakh sq. yds. and production of cloth with Ambar yarn from 21,598 sq. yds. to 3.15 lakh sq. yds. in 1958-59. The limited data available to us, however, show that even in the some of the best areas (classified as group A in Statement 45), production of traditional Khadi has been declining during the three-year period; and the decline has not been offset by the increase in Ambar production though, as stated above, there has been considerable increase in production of traditional and Ambar Khadi over the three-year period. In the areas classified as B, however, production of traditional Khadi as well as Ambar has increased. But in group C areas, trends in production are similar to those in group A areas, the decline in production under traditional Khadi not being offset by the increase in Ambar. We were told that production in many areas has started falling, owing to the limited capacity of the people to absorb local production.

17. We have set out in Statement 46 the available data on production and sales of Khadi for 1957-58 and 1958-59. In each group of areas the proportion of local sales has risen between the two years for which data are available. Of the total production of Khadi over the two years, local sales have been 58 per cent in group A areas, 61 in group B and 64 in group C areas. This indeed is a striking feature. We were, however, not able to obtain any data on the impact of this high proportion of local sales on the costs and prices of Khadi.

Conclusion

18. The Evaluation Committee for the Intensive Areas was generally of the view, with which we wholly agree, that the approach of the scheme was sound and that, given the appropriate aids and the necessary social momentum, it held out the "promise of creating a full employment situation at a minimum standard in a reasonably short time and with comparatively low investment".¹ For this purpose, it emphasised that very much more intensive work on agriculture would be needed to ensure reasonable self-sufficiency in essential commodities.² The Committee was of the view that the scheme had "immense potentialities not only as a programme to reduce rural poverty and unemployment in the immediate future, but as a means of developmental

1. Op. Citt., p. 15.

2. Ibid, p. 87.

experimentation and innovation which may yield results of great significance for all rural development schemes".³ The successful mobilisation of the people, the encouragement of local initiative and leadership and, above all, the participation of the people in the preparation and the implementation of development scheme were, as stated by us, the very special features of the scheme.

19. The conception of the scheme carries within it the seeds of rapid growth and transformation of rural areas. The scheme in its working could and should have given us some indication of what can be done through integrated approach to reduce cost and prices of Khadi, increase productivity and create an expanding local market to enable Khadi to hold its own in the developing economy of the country. In the Intensive Area also, the problem of accumulating stocks has risen and, in spite of the advantages of the local production and local sales and, therefore, reduction of overheads,⁴ transport and distributive costs, price structure of Khadi is exactly the same as in the rest of the country.

20. The Evaluation Committee pointed out the need for great improvement in collecting and processing data in the Intensive Area Scheme.⁵ This need still exists; and we, as stated above, are sorry that the needed data could not be made available to us, the more so because, basically speaking, the scheme should be capable of producing significant results from the stand point of all round reorganization and development of the rural economy as a whole.

21. We are aware of the limitations under which the scheme has had to be implemented. It needs to be integrated with the entire development programme of the selected areas, and the pattern of financial assistance specially designed to meet its requirements has to be provided. The scheme, as stated by the Evaluation Committee, has broken new ground.⁶ It is our earnest hope that at least in some of the areas it would be possible, on the basis of the work done under the scheme, to introduce our proposals and give them the trial, which, in our opinion, they should be given. It is, therefore, a matter of regret that expenditure of Rs. 75 lakhs on the development of Khadi in Intensive Areas has no lessons for us from the point of view of the economies and benefits that can be realised through a programme of integrated development of Khadi and village industries. It is highly desirable to turn to good account the spade work in integrated development, which the scheme aimed at and has presumably tried to bring about. It has, we repeat, many commendable features and it is obviously worth-while to build, as far as possible, on what has been achieved through the expenditure of nearly Rs. 2 crores of public funds in carrying out an experiment of real promise and great potential.

3. Ibid, p. 12.

4. It must be mentioned that the salaries of the organizer and the assistant organizer, who devote a substantial portion of their time and energy for organizing Khadi work in the areas are paid by the Khadi Commission. In spite of it, the percentage added for management costs, so far as we know, remains the same as in other cases.

5. Ibid, p. 99.

6. Ibid, Chapter 3.

CHAPTER 13

TECHNICAL RESEARCH

In Chapter 5, we had referred to the recognition by the A.I.S.A. and later by the Commission, of the fact that continuous technical improvement of implements and processes has to be given its due place in Khadi programmes. In the context of the present circumstances, it would be anomalous if it were other-wise. In decentralised production also, it is necessary that in keeping with its essential purposes, research in technique should be fully provided for and its proved results applied in practice. It is, therefore, necessary to describe and assess the work that has already been done in this respect and indicate the scope for its further development.

2. During the five-year period, 1949 to 1954, research workers of the A.I.S.A. continued to experiment with the ring spinning technique, which was successfully adapted for decentralised spinning by Shri Ekambaranathan. About 18 different models of spinning instruments were manufactured to assess the mechanical and operational efficiency of different parts of the unit and to determine what combination of different parts would yield the most satisfactory results. Among the questions that were taken up for intensive examination, mention may be made of the number of roller pairs, gear wheels, driving *malas*, the type of bearings and spindles and the relative merits of wood and metal as the basic material. These experiments were intended to explore the possibilities of reducing to the minimum physical strain on the spinner, simplifying the mechanism to the utmost extent without any loss of efficiency, and manufacturing a spinning implement at the minimum cost. To exchange views and experience gained from the intensive experiments carried out at different centres, a *saranjam* conference was convened at Ahmedabad in 1954-55, at which the following decisions were taken :

- (i) the frame and as many parts of the Ambar set as possible should be of wood because, without sacrificing efficiency, the cost can be reduced; and the apparatus can be serviced by the village carpenter;
- (ii) not more than a pair of gear wheels for the Ambar spinning and roving implements need be used, and all the drives can be with string *malas*;
- (iii) two rollers for drafting would be adequate because the same efficiency could be obtained at lower cost and simpler mechanism;
- (iv) rose-wood bearings are better than ball bearings or metal bearings, and are easier and cheaper to manufacture;

- (v) the Ambar spindle is preferable to the mill spindle because the former is more effective;
- (vi) the string bearing should be retained as results obtained therefrom were more satisfactory than from any other type.

3. On the basis of these decisions, an Ambar model was manufactured in 1955 and in 1956, another model with a few improvements was manufactured and approved by the Sarva Seva Sangh.

4. Productivity of the first approved model of Ambar was originally estimated at 1 hank per hour, or 8 hanks per day of 8 hours, from carding to spinning excluding winding. For carding, the traditional implements, such as (i) the carding bow, (ii) *dhunai modia* and (iii) *dhunai* machines, had to be used. Rovings were prepared on the *belni*. Even in the hands of a skilled spinner preliminary processes, such as carding of cotton and preparing of rovings, took 60 per cent of the total time and spinning alone 40 per cent. It is not necessary to mention that productivity depends not merely on the efficiency of the spinning apparatus, but also on the skill of the spinner. The Khera Committee estimated productivity per Ambar at 6 instead of 8 hanks per day of 8 hours on the basis of the results of the field experiments. Many spinners have been able to attain this level of productivity. A few have been able to attain 8 hanks and more per day of 8 hours. From the performance of the spinners at the *parishramalayas* and later, it was established beyond doubt that if properly trained, an average spinner could easily produce on Ambar 6 hanks per day of 8 hours. Technically speaking, efficiency of Ambar as a spinning instrument was demonstrated and established.

5. The Ambar set consisting of the spinning and drawing units, however, involved considerable physical strain, the load being 5 to 6 lbs on the drawing unit and 3 to 4 lbs on the spinning unit. The Khera Committee, and later the Government, emphasised the need for technical research for improving the implements to reduce the physical strain. In accordance with the directives of the Government of India, the Khadi Commission in 1957 announced a prize of Rs. 1 lakh for the manufacture of a spinning implement, capable of being universally plied and producing 12 hanks of yarn in a day of 8 hours. Many models were submitted to the Commission by independent research workers for the prize, but none of them was found to be of the required standard.

Small Prize Scheme

6. To encourage spinners on Ambar and to interest textile research workers and other engineers in technical research for the improvement of the implement or modification of the existing model, in order to improve its efficiency and ease of operation, the Commission also introduced a small prize

scheme in addition to the prize scheme referred to above. Since the introduction of the Ambar programme, quite a large number of major and minor improvements in the spinning and roving implements has been made. Several spinners have manufactured units with individually improved parts, which were found quite satisfactory after detailed laboratory tests. According to the Prayog Samiti (Khadi Research Committee), Ahmedabad, many of the improvements, modifications and innovations yielded quite satisfactory results in the laboratory and in the field. The Smali Prize Scheme Committee, however, has not taken sustained interest in its work, and the individual research workers have hardly received any encouragement.

7. So far as we are aware, the Prayog Samiti of Ahmedabad has been mainly responsible for the interest that many of the more intelligent spinners have taken in the technical improvement of Ambar. It has provided financial assistance to those whose experiments promised results; it has given them facilities in the workshops of the Samiti to experiment with new ideas, and it has also provided facilities for laboratory and field tests. The Commission does not, however, appear to have encouraged these artisans. Except for a few individual research workers, who approached the Commission directly or through some of the well-known Khadi workers, by and large, the Commission has not yet evolved any standard procedure to invite suggestions for improvements from research workers, artisans and textile experts in the country. The largest number of improvements that have been made in Ambar since its introduction in 1956 has been by the workers of the Prayog Samiti, who have, individually and collectively, experimented with a number of new ideas, some of which have yielded excellent results. As observed earlier, many of them deserve encouragement through due recognition of their contribution to the improvement of Ambar as a spinning instrument.

Institutional Research

8. Technical research for the improvement of Ambar has received considerable attention since 1956-57. Three principal research institutions have undertaken technical research for the improvement of not only the spinning instrument but also different aspects of every process from carding of cotton to winding of yarn. Although these research institutions have essentially the same object, each has its own field of specialisation. The three research institutions are : (i) The Ahmedabad Textile Industries Research Association, (ii) The Prayog Samiti, Ahmedabad and (iii) The Jamnalal Bajaj Research Institute of the Commission, Wardha.

9. The Ahmedabad Textile Industries Research Association, commonly known as the ATIRA, is a research body set up with the assistance, partly, of the mill-owners of Ahmedabad and, partly, subsidised by Government. The Association undertakes research in all aspects of the large-scale textile industry from cotton to processing of

cloth. It undertakes technical research for any mill, which refers to it special problems.

10. Since 1955, the ATIRA has taken special interest in Ambar; and it gave considerable assistance to the Khera Committee in its technical assessment of the spinning and roving implements. At the request of the Commission, the ATIRA has continued its research in the operational efficiency of the spinning and rovings implements and designed many improvements in the Ambar set. The ATIRA specialises in the technical assessment of the different improvements suggested by the research workers of the spinning and roving implements through extensive laboratory tests. Recently, it has also taken interest in the fabrication of proto-type spinning and carding models for the decentralised textile industry.

11. The Khadi Gramodyog Prayog Samiti, commonly called Prayog Samiti, is a society registered under the Societies Registration Act of 1860. Its primary objective is "to take up and endeavour to solve various problems and matters connected with Khadi and Village Industries and agriculture, particularly in so far as they relate to the production, use and distribution of raw materials, tools, implements, appliances, apparatus, processes and methods of work, etc., required for in these and/or other allied industries such as are related to or connected with the basic necessities of life, with a view to help the furtherance and achievement of the ultimate objective of establishing a *Sarvodaya Samaj*, based on the ideals and principles laid down by Mahatma Gandhi, a social order free from poverty and exploitation and in which people will be self-supporting and self-sufficient to the extent desirable and possible, in respect of the production, use and distribution of food, clothing and other basic necessities of life, as also in respect of the production of necessary tools, implements and other appliances required for the same." The research at the Prayog Samiti has been directed mainly to the reduction in physical strain of spinners on Ambar and the reduction in the time taken for a given volume of output, the scope for developing the human being by improving his skill, reduction in the manufacturing costs of the various implements and maximisation of production potential. The Prayog Samiti takes into account not only the need for improvement in technique, but also the social setting in which it is to be used. Its work, therefore, is related directly to socio-technical aspects of Ambar and not merely its technical capabilities.

12. The Jamnalal Bajaj Research Institute set up by the Commission is in charge of research to adapt modern techniques and skills to Khadi and village industries. Since the introduction of the Ambar programme the Institute has interested itself in research to devise a spinning instrument capable of significantly raising productivity per hour in order to reduce price differential between mill yarn and hand-spun yarn. The research being carried out at the Institute seeks to adapt the latest spinning techniques of the textile mills to the needs of the decentralised industry.

13. To ensure the closest coordination and exchange of ideas between these institutions, the ATIRA and the Prayog Samiti are represented in the Research Committee of the Commission.

14. For purposes of assessment of the results of technical research, work done so far may be grouped under three broad heads : (i) approved improvements and modifications, (ii) improvements under investigation and (iii) new lines of research.

(i) APPROVED IMPROVEMENTS

Reduction in Physical Strain

15. The first group of improvements on the Ambar set have eliminated or at any rate substantially reduced physical strain in operating the Ambar drawing and spinning instruments. Originally, the preparation of rovings on the belni with the aid of a pot involve a load factor of 5 to 6 lbs. It has now been made possible to prepare rovings on the spindles themselves; and this improvement has reduced the load factor to 2 lbs. The preparation of rovings on the spindles requires a little longer time to learn, but the acquisition of this skill has considerable advantage from the point of view of both physical strain and productivity. The Commission has agreed to train spinners to acquire this skill.

16. Rovings on the spindles can be prepared separately or simultaneously, *i.e.*, rovings on all the four spindles can first be prepared and later spun into yarn or can be prepared as a simultaneous process of roving and spinning. Both these methods involve less physical strain as compared with the processes on the *belni* and have been accepted by the Saranjam Standardisation Committee. The primary advantage of preparing rovings on the spindles is that the rovings are finer. As a result, it has become possible to spin yarn from double rovings. Though productivity per unit of time is the same as in the previous process, the quality of yarn spun is about twice as strong as the standard prescribed by the A.I.S.A. in the past. The better quality of yarn, which can be produced by this improved method, would, it may be presumed, improve its weavability and durability of cloth.

Simultaneous Winding

17. It was already mentioned above that in calculating the average productivity on Ambar, the time taken for winding of yarn was excluded. Technical research has now made it possible to wind yarn into hanks and count out the hanks automatically. The output on this model, at a modest estimate, is 6 to 8 hanks in 8 hours, including winding.

Price of the Spinning Apparatus

18. As a result of the technical possibility of preparing rovings on the spinning apparatus itself, there is now scope for the elimination

of the *belni*. It is now possible to prepare rovings on the *samyukta* model, on which both drawing and spinning can be combined. The *samyukta* model costs less than the Ambar set. Exclusive of the *dhunai modia* the price of the Ambar set is about Rs. 90. The cost of the four spindle *samyukta* model is about Rs. 60, and the productivity is the same as the original Ambar set, but the quality of its output is definitely superior.

Cheaper Models

19. The *samyukta* model with two spindles can be manufactured at Rs. 40. Its productivity, as compared with that of Ambar, is between 70 to 75 per cent. In other words, a spinner, who spins about 8 hanks in 8 hours on Ambar, can spin approximately 6 hanks in 8 hours on the two spindle *samyukta* model. This model is suitable for families who want to spin only for their own self-consumption.

Testing Implements

20. Side by side with testing of yarn on a scientific basis, the ATIRA also devoted attention to the manufacture of testing implements suitable for use at the *vidyalayas* and yarn production centres. The following testing implements have been devised by them :

Name of the Implement	Price
1. To test the uniformity of yarn	Rs. 10 to 17
2. To measure the count of rovings	Rs. 13 to 20
3. To measure the twist per inch of yarn	Rs. 90 to 100

21. It is possible to reduce the cost of these implements further if they are manufactured on a large scale. Such implements are imported by the mills; and their prices vary, respectively, from Rs. 400 to Rs. 700, Rs. 300 to Rs. 500 and Rs. 800 to Rs. 1,200. The manufacture of these implements at low prices has made it now possible to regulate and control more effectively the quality of yarn produced. These implements have not yet been introduced, but it is desirable to do so and test their utility in the field. At the ATIRA, a small beginning has been made in giving training in the manufacture of these implements.

22. At the Prayog Samiti of Ahmedabad a new implement to measure the load factor of different units has been recently devised. It is estimated that this implement can be manufactured at a cost of Rs. 30; but an electrically driven measuring machine is likely to cost Rs. 250.

Use of Seed Cotton

23. As in the mills, Khadi institutions also mostly use baled cotton. If seed cotton is stocked by the institutions and it is freshly ginned, it is definitely established, carding will become considerably better and easier. Moreover, seed cotton is capable of yielding both stronger and finer yarn. This has been fully proved at the research institutes. The ATIRA is definitely of the opinion that seed cotton is capable of up-grading all cotton. While this is of great economic significance there is another aspect which also needs emphasis. For counts of yarn above 30, textile mills mix indigenous varieties of cotton with imported varieties. If seed cotton is used, indigenous cotton itself can yield counts of 40's and 50's. The yarn spun from such indigenous cotton, according to tests carried out by the ATIRA, has high tensile strength. These aspects of Khadi production have yet to receive their due attention.

Service Stations

24. Research workers have generally accepted in principle that it is essential to provide for the repair and maintenance of Ambars in or near the villages. They are also agreed that it would be preferable to manufacture Ambars in the villages, for that way, it is evident, that breakages and transport costs would be reduced and Ambars actually in use can be directly and quickly repaired. Service stations can also undertake repair and service of other implements used in the villages. The scope for *sutar ghar* has been tested by the Prayog Samiti of the Sarva Seva Sangh, and the Commission has sanctioned funds for the organisation of 485 service stations in different States. The capital investment on such a service station is estimated at Rs. 1,000 each.

(ii) IMPROVEMENTS UNDER INVESTIGATION

25. So far satisfactory results have not yet been obtained from the research projects to improve the various processes prior to spinning, such as ginning, carding, etc., and intensive research has not yet been undertaken in these processes. As improvement of the preliminary processes is likely to improve spinning, research institutes have now taken these projects in hand. There are two fundamental problems that need investigation. One of them is to devise a ginning method, which makes it possible to dispense with carding altogether or reduce it to the minimum. The second is to devise a method of carding baled cotton available in the market. Research in these processes has been approved by the Commission and the results obtained so far from these projects are summarised below.

Ginning

26. Ginning of cotton is being done in many ways in different States. So far, no substantially improved, hand-operated ginning

machine or method has been devised. The Prayog Samiti has been carrying on research in ginning in order to examine how far it is possible to combine ginning with drawing. An experiment for this purpose is being carried on at the Amroli centre in Saurashtra and Baswa in West Bengal. The Khadi workers and artisans at these centres, which are fine yarn spinning centres, are satisfied with the performance of the experimental instrument. It is, however, necessary to examine whether the same instrument will yield similarly satisfactory results for low counts of yarn, which consume larger quantities of cotton. Moreover, this implement involves also certain amount of physical strain. There is, however, a technical problem that has to be solved. In the process of drafting, ginned cotton sometimes does not get fully or evenly drafted at the two ends, as the cotton comes in locks with tapering ends. This problem is under investigation.

27. In its investigations, the ATIRA found that hand ginning with a piece of wood and iron rod is satisfactory in the sense that the quality of fibre is better. Output per unit of time varies between $\frac{1}{2}$ a lb. to $\frac{3}{4}$ of a lb. per hour, depending on the quality of the cotton. Comparatively, hand-ginning machine of the Sangh gives satisfactory results, output being $1\frac{1}{2}$ lbs. per hour. As this ginning machine does not damage the fibre, the ATIRA considers this a fairly satisfactory implement.

28. For baled cotton an appropriate opener is of considerable importance. Prior to carding it is necessary to remove dirt that is normally found in cotton and also to open the cotton satisfactorily. For this purpose the ATIRA prepared a hand operated beater. As this was found to be heavy in operation and low in productivity, the ATIRA devised a peddle-operated beater. The peddle-driven beater removes all dirt and cleans about a pound of cotton in 20 minutes. For purposes of Ambar, the opening is sufficient, though the same cotton is not suitable for the traditional *charkha*. In its technical examination, the ATIRA found the cotton opened by this beater superior to cotton opened by any other instrument now in use. The fibres are not damaged and the yarn spun from this cotton is found to be strong. Work on this beater, however, involves physical strain and it may not be suitable for whole-time occupation. It is, however, considered that this beater would be useful at production centres where spinners can get the cotton opened for their own use. The cost of a beater is estimated at Rs. 200, but if it is manufactured on large scale, it is possible to reduce its cost. These beaters have been distributed among different centres to obtain experience in the field.

Dhunai Modia

29. Although research on the *dhunai modia* was begun nearly ten years ago, the introduction of Ambar has given it greater importance and urgency. So far, no standard model of *dhunai modia*

has been evolved. On the old model a number of minor improvements has been made. As a result of these improvements, the physical strain of operating the *dhunai modia* has been appreciably reduced. New improvements are being investigated both at the research institutes and in *vidyalayas*, and experience so far indicates that carding of cotton can be done more effectively and with considerably reduced physical strain with little damage to the fibre.

Five-spindle Samyukta Model

30. At the Prayog Samiti, a five-spindle *samyukta* model has been manufactured. On two spindles of this model rovings are made and on other three spinning is carried out at the same time. Productivity of this model as tested so far, is about 14 hanks of yarn of 28's from ginned cotton to winding of yarn in 8 hours. Research workers, however, believe that, at the production centres, it may not be possible to get more than 10 to 12 hanks of yarn per day of 8 hours. Laboratory tests show that this is a very promising model. Its cost is estimated at about Rs. 65 and, even at a modest estimate of 10 to 12 hanks a day, its productivity can be taken to be at least 50 per cent higher than the first model of Ambar. Various aspects of this model are under investigation of the ATIRA and steps are being taken to test it in the field.

Six-spindle Samyukta Model

31. The ATIRA has prepared a six-spindle *samyukta* model and a peddle-driven model. On this model, for the drafting and preparation of rovings, a separate attachment has been fitted. On the hand-driven model, from the cotton opened by the beater, about 14 hanks of yarn in 8 hours, ranging between counts 14's to 30's from different varieties of cotton have so far been spun. On the peddle-driven model about 16 hanks of similar counts have been produced. The quality of yarn produced on these models is good. Efforts are being made to test these models at the production centres when the necessary preparatory work has been completed.

The Wardha Model

32. At the Commission's Research Institute at Wardha, a four-spindle Ambar model has been evolved. It is expected that its cost will be about Rs. 35 or about Rs. 15 less than the cost of the original model of Ambar. So far, no steps have been taken to devise any special instrument for either drawing or carding. For the tests that have been carried out on this apparatus, rovings prepared by the Ambar *belni* have been used. On the old model of Ambar, a skilled spinner could spin four hanks of yarn per hour or 32 hanks per day of 8 hours from ready-made slivers. During special trials conducted for this purpose at the ATIRA, 30 hanks were spun during 8 hours on the same day with an interval of 2 hours. On the model of the

Wardha Research Institute of the Commission, productivity is estimated at $4\frac{1}{2}$ hanks per hour or about 34 hanks a day. The productivity, however, on this model is to be tested in the field. The revolution of spindles in this model is slightly higher than in the traditional models of Ambar, but its operation is somewhat heavier. The principal advantage of this apparatus is that it can be operated with both hands and a special device in it is the build-up motion.

Malas

33. One of the primary contributions of the Wardha Research Institute is the preparation of a chemically treated mala. As a result of its better grip, slippage has been reduced.

Wooden Bobbins

34. In the model manufactured by the Wardha Research Institute, paper bobbins have been replaced by wooden bobbins and the latter have been widely introduced by the Rajasthan Khadi Sangh. Experiments with wooden bobbins generally have yielded good results.

Research in Spinning Coarse Count

35. Ambar was designed for spinning counts of yarn of 16's and above. But owing to the demand for coarse counts in many parts of the country, it was necessary to adjust, if possible, Ambar to the spinning of lower counts. It was found that even medium staple cotton could be used for spinning coarse counts of 12's and less without any additional cost, the additional cost of cotton being offset by (a) reduction in waste, (b) larger output owing to the lower proportion of dirt and (c) better quality of yarn. Research on short staple cotton also is being continued to see how far it can be used on Ambar. Yarn of 8 to 10 counts has already been spun from such cotton. Research carried on, however, has not yielded any conclusive results; and it is necessary to give more time and thought to this aspect of the problem.

(iii) NEW LINES OF RESEARCH

Higher Productivity

36. The research scheme that is under investigation at the Wardha Research Institute is the fabrication of an eight-spindle instrument, capable of producing 72 hanks in 8 hours. On this instrument, one person will be engaged in preparing slivers required for 72 hanks and another in spinning yarn from these ready-made slivers. To attain this level of productivity, the revolution of the spindle has to be significantly higher than that of spindles used in textile mills. So far the revolutions of the spindles per minute in the mills and also in Ambar vary from a minimum of 7,000 to 8,000 r.p.m. to a maximum of 10,000 to 11,000 r.p.m. The Research Institute aims at raising the r.p.m. to 14,000 or more.

A Scientific Hand Ginning Machine

37. Different varieties of cotton are grown in the country and also different types of ginning instruments have been devised. In foreign countries, a ginning equipment that has been lately devised is knife-ginning. Research is being carried on at the Prayog Samiti to substitute rolled-ginning by knife-ginning. So far, however, no instrument has been devised that deserves any special mention.

Conclusion

38. Research in decentralised spinning and weaving derives its importance from the fundamental need for improving technique and reducing physical strain, costs and prices of Khadi. Improvement in technique, it has been and is admitted, has to be a continuous process. There can be no limit to the level to which the improvement in technique can be carried. Khadi in its initial stages was woven from yarn spun on traditional *charkha*. This was due to the necessity of using available technique and idle manpower; and though, until the introduction of Ambar in spite of different attempts, no technical improvement of any consequence was introduced, it was recognised that a stand-still position was neither desirable nor possible. It was necessary to bring the advantages of modern techniques to bear on the processes of decentralised spinning and weaving. Ambar was the first real break-through the old traditional methods; but it was assumed that it was only the beginning of a new phase in decentralised spinning, and improvements at all stages from ginning to weaving had to be steadily aimed at and achieved. We have described in this Chapter what has been attempted and achieved in this respect. There is need for coordinating research and planning it on a much wider scale, but the results obtained so far do indicate a fair measure of progress and hold out the hope that productivity of Ambar can really be improved, costs can be reduced, wages can be increased and the gap between Khadi and mill cloth prices can be substantially narrowed. Research has had to be carried on under serious limitations, but it is clear that, if it is more liberally financed and systematically developed, it can lead to good results.

39. Khadi was not intended to be and cannot be cribbed and confined by obsolete and frozen techniques. At a time of revolutionary technical advance in all directions, decentralized textile industry has to fully participate in and derive the benefit of the changes that are taking place. It too has to look forward and not backward; and keep in step with the advance of contemporary technique. The need for utilising our human resources is paramount; and the new and advancing techniques have to be fitted into it. But subject to this fundamental consideration, we do not envisage any limit whatsoever to improvement of the technique and its introduction in practice. This applies as much to the use of power as to the mechanical devices used for decentralised spinning and weaving. Khadi through a

succession of changes can be produced on power-operated spinning and weaving appliances, and yet remain Khadi in the truest sense of the word. It is the social setting and social significance of the processes that will give it its meaning, and not the mechanical and technical processes used in production.

40. We, therefore, attach the very highest importance to technical research and improvement, and we assume that the social context will be fully borne in mind and its integrity of purpose kept in tact. In Part II we deal with this point more fully.

CHAPTER 14

PERSONNEL

Owing to the expansion of the traditional Khadi programme and more particularly the introduction of Ambar, there has been a considerable increase in the number of persons employed in administration and organization.

2. The personnel employed directly by the Commission at its headquarters and in the field increased from about 66 persons in 1953-54 to 486 in 1956-57 when the Ambar Scheme was introduced. Between 1956-57 and 1958-59, the number employed increased to 980 persons, as can be seen from the details presented in Table 1.

TABLE 1
Increase in Staff

Designation	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
1. Director	1	3	3	6	6	7
2. Sanchalak	—	—	—	2	3	3
3. Dy. Director ..	—	—	—	1	1	3
4. Asstt. Director/Liaison Officer	—	—	1	6	7	9
5. Dy. Asstt. Director	—	—	—	—	2	2
6. Zonal Director ..	6	6	6	7	7	7
7. Dy. Zonal Director	1	1	2	2	5	5
8. Asstt. Director ..	—	—	—	—	—	10
9. Organizer ..	3	1	9	8	8	19
10. Asstt. Organizer ..	—	—	3	4	1	1
11. Supervisor ..	6	12	18	24	47	70
12. Inspector ..	—	—	—	25	57	83
13. Auditor	2	4	6	12	12	—
14. Asstt. Inspector ..	—	—	—	45	61	150
15. Weaving Guide ..	—	—	—	—	9	7
16. Demonstrator ..	—	—	—	—	—	1
17. Others	47	62	233	344	485	589
TOTAL ..	66	89	281	486	711	980

3. Of this total number, the staff employed at the headquarters for traditional Khadi schemes is 254, of whom 237 are clerical personnel. The field staff for traditional Khadi increased, for reasons explained in Chapter 4, from 25 in 1953-54 to 308 in 1958-59. As Khadi work was organised on a substantial scale only after 1955-56, roughly there has been a three-fold increase in the staff in the field and a little less than 50 per cent increase in the staff at the headquarters. During the three-year period that Ambar has been in force, it provided employment to 327 persons in the field and 91 persons at the headquarters, of which 77 were clerical personnel. The details of the distribution of personnel employed in the field and at the headquarters for both the schemes are shown in Statements 47, 48, 49 and 50.

4. Information available to us regarding the increase in the personnel employed by the institutions is very incomplete. On the basis of the data supplied by a few institutions, it would appear that, by and large, the administrative staff with the institutions has increased as a result only of the introduction of the Ambar scheme, particularly during 1957-58 and 1958-59. Field staff of the institutions engaged in Khadi work of various types has increased three-fold between 1954-55 and 1958-59. In brief : the expansion of the Khadi programme has provided employment to a very large number of clerical personnel at the Commission's headquarters and in its Zonal and other offices in the field. Khadi institutions provided employment to different categories of personnel to attend mainly to the purchase and sorting of yarn, maintenance of accounts, etc. The number of responsible organizers has, according to the statements made by some of the oldest workers, not kept pace with the expansion of work both from the quantitative and qualitative standpoints; and owing to the fact that the old workers have to carry an unduly heavy burden of responsibility, the organization is suffering from lack of devolution of authority, functions and powers.

Quality of Personnel

5. During the days of the A.I.S.A., the principal Khadi organizers were mostly workers, to whom work was a life vocation and its own reward. Many of them received only nominal salaries, despite the heavy responsibilities entrusted to them. The A.I.S.A. had a cadre of workers who had a very high sense of duty and devotion to work and a spirit of real dedication.

6. The certified institutions in the country are agreed that the bulk of the newly recruited personnel are influenced mainly by monetary considerations and the attraction of a semi-Government service. They generally lack the right spirit, awareness of the problems in the villages and intellectual capacity to deal with them. Academically well-qualified candidates seek employment in the institutions for want of something better and, consequently, leave at the first offer of a more lucrative job elsewhere. Moreover, the better-qualified among them,

who are known to be competent, are drawn away from the institutions by the State Board or the Community Project Administration or the Intensive Area Scheme or the Zonal office of the Commission or by even the Commission's head office itself, because of the attractions of the higher scales of pay and allowances. Consequently, personnel available to the institutions are generally poorly educated and ill-equipped for the important work of the Khadi institutions. As a result, most institutions have not been able to organise Khadi work in new areas or develop activities which call for initiative or social sense.

Scales of Pay

7. As a matter of principle, the A.I.S.A. did not pay more than a maximum of Rs. 100 per month as basic salary. Even in 1949, the salary and allowances of workers employed by it ranged between Rs. 50 and Rs. 150. As a result of the steep rise in the cost of living since World War II, the A.I.S.A. paid, in addition to the basic salary cost of living allowance at the rate of 25 per cent of the basic salary, plus a maximum of Rs. 15 per month, depending on the cost of living in different States, and also a children's allowance at Rs. 5 per child for three children. The A.I.S.A. also had devised a provident fund scheme. In addition, it provided for the payment of spinning wages up to 4 times the normal rates for yarn spun by the members of the workers' family and subsidies for weaving of such self-spun yarn. These payments, however, did not offset the rise in the cost of living and, consequently, the real incomes of most of its workers fell during the period 1939 to 1949.¹

8. Most of the certified institutions today have austerity scales of pay for their workers. Shri Gandhi Ashram, which is the largest Khadi producing institution in the country, has scales of pay varying between a minimum of Rs. 60 (Rs. 23.50 plus Rs. 25 plus Rs. 11.50 other allowances) and a maximum of Rs. 300 inclusive of allowances. The initial salary paid to a new worker depends on his academic qualifications, aptitude for field work and general experience. Cost of living allowance (called food allowance) at a flat rate of Rs. 25 per month is paid to all workers. In some centres, unmarried workers are provided rent-free accommodation. To married workers with families educational allowance is paid at Rs. 5 per child upto 5 children upto 18 years of age. In addition, medical facilities are provided to all workers on a uniform basis. The terms and conditions of service with most of the large certified institutions are more or less on the lines of Gandhi Ashram, though the scale of salaries varies from a minimum of Rs. 40 per month (inclusive of allowances) in Tiruppur to maximum of Rs. 450 per month in Madhya Pradesh.

9. As compared with the scales of pay of the certified institutions, the State Boards, the Intensive Area Scheme of the Commission, the Zonal offices of the Commission in different areas, offer considerably

1. Jaju, Op. Citi. pp. 136-147.

higher scales of remuneration. For example, a new worker of an institution receives between Rs. 40 to Rs. 80 inclusive of all allowances, but the remuneration offered by the Intensive Area Scheme or the Zonal office of the Commission is between Rs. 160 and Rs. 300 (scale Rs. 100—300 plus Central Government allowances), and, in some cases, even more (scale being Rs. 200 to Rs. 400 plus Central Government allowances). State Boards offer anywhere between Rs. 125 to Rs. 250 per month. Consequently, the institutions have been losing some of their capable workers, who have found employment in State Boards, the Intensive Areas and the Zonal Offices; and there has been on that account a high turnover of personnel working with the institutions. The variations in the salaries offered by institutions, State Boards and the Commission's field offices can be gauged from Statement 51. If the officers of the Indian Administrative Service, whose services are borrowed from the Union or State Governments, are excluded, it would appear that the remuneration offered by State Boards and the Commission is twice or thrice as high as what the institutions are in a position to pay, and the result is that a large number of well-qualified personnel have left the institutions.

10. We have referred already to the technical competence and social outlook and attitude of the trained personnel (Chapters 5 and 10). We were told by almost all institutions that the instructors trained at the *vidyalayas* do not have the necessary understanding of the social purpose of Khadi work, and quite a considerable number among the trained personnel, particularly Ambar instructors and inspectors, do not even have the required technical competence. Institutions are all agreed that all the newly trained instructors in spinning and weaving and a number of organizers trained by the *vidyalayas*, have very little practical knowledge of the working of the production centres and, therefore, are generally not capable of taking independent charge. They are, therefore, of the view that the training programme of the *vidyalayas* should be revised so as to give the personnel a proper grounding not only in the ideology of Khadi work, but also in the practical requirements of the work in the field. Only adequately trained candidates can relieve the pressure of work on the old, experienced workers and gradually learn to replace them.

11. So long as the present unhealthy competition for the services of the limited number of good workers continues, the work of the institutions, particularly extension of Khadi work to new areas, is bound to suffer. It is, therefore, necessary to take steps to put an end to it as early as possible. We have already pointed out the need for providing revised training courses for workers (Chapters 5 and 10) so as to equip them adequately for their work. The analysis presented above points to the need for an early revision of the present pay scales so as to attract and retain in service men of the right type.

Conclusion

12. It is fortunate that old seasoned workers with their record of self-less work and devotion to duty are still available and generally

at the helm of affairs. Their proportion, however, is decreasing owing to rapid expansion of work and personnel; and they, besides having physical limitations of age, have, in some cases, set ideas and do not readily respond to new ideas, needs and situations. The most important aspect of the matter, however, is that the new personnel in the Commission, the Zonal Offices, the State Boards and the institution are, in most cases, not sustained in their work by deep, genuine interest and, as stated above, are broadly speaking, largely lacking in understanding of the needs and personal allegiance to the work that has to be done. The anomalies of scales of salary and allowances, to which we have referred, are a disturbing factor. Even if these could be removed and scales of pay and condition of work equalized, the gap between available capacity and the quality required for the discharge of essential duties would remain. Khadi has a tradition of selfless work at high level, which needs to be greatly enriched and developed for the new tasks ahead. The latter would call for resourcefulness, creative ability and breadth of outlook even of a higher order than displayed in the past. In fact, however, the heritage of the past is being fast depleted, and the prospect at present of drawing upon the old reserves or building up new ones is far from reassuring. This is a matter of serious concern and really a part of the bigger problem of creating a cadre of devoted and capable workers at different levels for the development and transformation of the entire economy of the country.

CHAPTER 15

FINANCIAL ANALYSIS AND PATTERNS OF ASSISTANCE

We discussed in Chapters 4 and 5 disbursements of funds for traditional and Ambar programmes. It is, however, necessary to subject the material to a more detailed analysis (i) for comparing the planned expenditure with the actual expenditure and indicating the variations and the reasons for them, (ii) for examining the pattern of financial assistance and its underlying assumptions, (iii) for ascertaining the different constituent elements of expenditure under three categories: development, investment and commercial, and (iv) for studying the relation of the expenditure to employment and output. The scope of this analysis is necessarily limited by the nature of the material available and its coverage. In spite of its limitations, the broad conclusions which can be based upon it need to be stated.

Source of Finance

2. The development of Khadi is financed from the Cess Fund created with the proceeds of a special excise duty levied at 3 pies per yd. on all mill cloth. This special excise duty was levied under the Khadi and other Handloom Industries Development (Additional Excise Duty on cloth) Act 1953. "The Cess Fund provided sufficient resources to finance the promotion of the Khadi industry from the date of its creation till 1955-56. However, due to an all round increase in the developmental work relating to Khadi, the money available in the Fund could not meet the entire requirement of the year under review (1956-57). This short-fall was made good by transferring about Rs. 3.5 crores from the General Revenues to the Fund." Table 1 gives the details of the expenditure on Khadi and Handloom development schemes met from this Fund.

TABLE 1
Disbursements from the Cess Fund

Year	(Rupees)					
	Khadi			Handloom		
	Grants	Loans	Total	Grants	Loans	Total
1953-54 ..	93,29,474	88,14,500	1,81,43,974	33,82,170	N.A.	33,82,170
1954-55 ..	2,28,06,802	1,04,63,850	3,32,70,652	1,12,47,450	1,52,625	1,14,00,075
1955-56 ..	5,11,23,506	1,75,69,200	6,86,92,706	1,79,44,413	4,28,444	1,83,72,857
1956-57 ..	6,73,98,787	4,85,03,041	11,59,01,828	2,54,16,105	14,10,462	2,68,26,567
1957-58 ..	2,92,10,000	1,36,00,000	4,28,10,000	3,25,69,564	15,00,000	3,40,69,564
1958-59 ..	3,12,50,000	1,87,50,000	5,00,00,000	24,11,150	Nil	24,11,150
TOTAL	21,11,18,569	11,77,00,591	32,88,19,160	9,29,70,852	34,91,531	9,64,62,383

Source : Office of the Dy. Director (Audit), Food, Rehabilitation, Supply, Commerce, Steel and Mines, Bombay.

1. *Report of the working of cottage industries 1956-57*, Ministry of Production, p.2.

Proposed Allotment of Funds

3. The Karve Committee, accepting the estimates of the then All India Khadi and Village Industries Board, estimated that the implementation of the Khadi programme exclusive of the Ambar scheme and also of the proposals it had made for the development of the Khadi silk industry, would involve an allocation of Rs. 25.20 crores, of which Rs. 23 crores would be needed for the implementation of the traditional Khadi schemes and Rs. 2.20 crores for those of the Khadi woollen schemes.² The Planning Commission accepted these estimates, but found it necessary to correct them because the overall provision for village and small-scale industries was only Rs. 200 crores, as compared with Rs. 260 crores suggested by the Karve Committee. Excluding working capital requirements for the implementation of the traditional Khadi programmes, the Planning Commission allocated out of Rs. 200 crores for the entire decentralized sector, Rs. 16.7 crores for Khadi, consisting of Rs. 14.8 crores for cotton and Rs. 1.9 crores for woollen Khadi.³ The Planning Commission was of the opinion that, as soon as possible, all village and small scale industries, including Khadi, should arrange to obtain their working capital from normal financial institutions, such as cooperative and other banking agencies;⁴ but it did not make any provision for working capital in its allotments, though in its report it referred to the estimates of the Khadi Commission that it would require Rs. 7 crores for the purpose, the amount accepted by the Karve Committee.⁵ These estimates, however, were exclusive of the requirements of the Ambar programme; and the Planning Commission indicated that funds for the Ambar programme would have to be appropriated according to the field tests that were known to be in progress at the time it prepared its Second Five Year Plan.⁶

Plan and Annual Allocations

(i) Traditional Khadi

4. The allocations recommended by the Karve Committee for traditional Khadi programmes were based on the assumption that the annual increase in production would, on the average, be about 10 per cent.⁷ In fact, the increase in production of traditional Khadi over the first three years of the Second Plan period has been considerably more, averaging 15.6 per cent, as can be seen from the data given in Table 2.

2. Op. Citt. p. 45-46.

3. Op. Citt. p. 441.

4. *Ibid.* p. 442.

5. *Ibid.*

6. *Ibid.* p. 441.

7. Op. Citt. p. 46.

TABLE 2

Production of Traditional Khadi

(Lakh sq. yds.)

Year	Cotton*	Woollen	Silk	Total	Percentage increase/decrease on previous year		
					Cotton	Woollen	Silk
1953-54 ..	93.34	11.31	0.88	105.53	—	—	—
1954-55 ..	166.79	5.78	1.92	174.49	78.7	**	118.2
1955-56 ..	219.42	5.40	6.22	231.04	31.6	6.6	224.0
1956-57 ..	263.82	15.63	7.00	286.45	20.2	189.4	12.5
1957-58 ..	282.84	28.07	12.59	323.50	7.2	79.6	79.9
1958-59 ..	338.31	30.37	14.46	383.14	19.6	8.2	14.9

* Exclusive of production under the self-sufficiency programme.

** Percentage not calculated as data for 1953-54 is for 18 months.

5. During the first three years of the Second Plan period, *i.e.*, 1956-57 to 1958-59, sanction of funds for the implementation of the traditional Khadi schemes, inclusive of working capital as well as for the continued development of Khadi silk industry, amounted to Rs. 15.15 crores, as compared with the allocation, exclusive of working capital, of Rs. 16.7 crores by the Planning Commission for the entire plan period. The details of the annual sanctions and disbursements are given in Table 3 below.

TABLE 3

Traditional Khadi
Sanctions and Disbursements

(Rs. crores)

Year							Sanctions	Disbursements	3 as % of 2
	1	2	3	4	5	6	7	8	9
1956-57	5.37	5.48*	102.0
1957-58	4.28	3.93	91.8
1958-59	5.50	4.68	85.1
TOTAL						..	15.15	14.09	93.0

*Excess of disbursements over sanctions met out of repayment of loans.

6. It is, however, necessary to point out that the sanctions and disbursements shown above are inclusive of working capital, and funds for the development of Khadi silk industry. Sanctions of funds for working capital for cotton, wool and silk Khadi production and sale amounted to Rs. 6.45 crores and expenditure on rebates and subsidies on Khadi silk, estimated on the basis of the value of production over the three-year period, was Rs. 28 lakhs. This means that sanction of funds for cotton and wool Khadi development was Rs. 8.42 crores, as against a pro-rata estimate of Rs. 10.02 crores. Actual disbursement of funds amounted to 73.5 per cent of the pro-rata estimate of requirements and 87.4 per cent of the actual sanctions. In short: expenditure has lagged considerably behind the actual sanctions.

(ii) Ambar Programme

7. The Government of India accepted the recommendations of the Khera Committee that an extended experimental programme on Ambar would be justified in the national interest. On the basis of the estimates of the Khera Committee, the Government of India sanctioned Rs. 3.87 crores for the programme for 1956-57. As pointed out earlier in Chapter 5, there were a number of difficulties, procedural, financial and others, which had to be overcome before the All-India Khadi and Village Industries Board could actually sanction funds for the Ambar programme. The actual disbursements on that account on the Ambar programme were only Rs. 2.87 crores or 74 per cent of the actual allocations for 1956-57. Requirements of funds for subsequent years were assessed by a special Review Committee on the basis of the progress of the Ambar programme. As stated in Chapter 5, Government of India, according to the recommendations of the Review Committee, sanctioned Rs. 6.64 crores for 1957-58; but the Commission found it necessary to slow down the rate of expansion in the light of its findings in the field, and the disbursements during the year amounted to only Rs. 5.29 crores or 80 per cent of the sanctions. In 1958-59, other problems compelled the Commission to reduce its programme, and the outlay was Rs. 7.15 crores as compared with the sanction of Rs. 8.12 crores. As pointed out in Chapter 6, there is now the problem of accumulated stocks of unsold Khadi, which has affected not only the traditional Khadi programme but also the Ambar programme, particularly the pace of its expansion. Owing to these difficulties, utilization of funds over the three years was only 82 per cent of the sanctions. Up to the end of second quarter of the current year, *i.e.*, September 30, 1959, disbursements amounted to Rs. 1.06 crores out of the total sanctions for the year of Rs. 8.58 crores, as compared with Rs. 1.36 crores during the corresponding period during 1958-59. The comparatively smaller progress in disbursements reflects the very marked slackening of the pace of expansion, to which we referred in the earlier Chapters (Chapters 5 and 6). Table 4 sets out the details of the annual sanctions and disbursements on the Ambar programme.

TABLE 4
Ambar Khadi
Sanctions and Disbursements

								(Rs. crores)		
Year								Sanctions	Disbursements	3 as % of 2
1								2	3	4
1956-57	..	..	..	..	..	..	..	3.87	2.87	74.2
1957-58	..	..	..	..	..	..	..	6.64	5.29	79.7
1958-59	..	..	..	..	..	..	..	8.12	7.15	88.1
TOTAL								18.63	15.31	82.2

Patterns of Financial Assistance

8. Rebate on retail sales at the rate of 3 annas per rupee worth of Khadi, i.e. at the rate of 18.75 per cent is paid to certified institutions to cover their overhead costs of production and sale. Where an institution relieves itself of the cost of selling, it pays a discount of 9.38 per cent to the buying institutions for sale, and the latter includes transport costs, other overhead expenses and distributive costs. The allowed proportion of the net over-heads and management expenses under the Certification rules to a producing institution is only 9.38 per cent. This rate of rebate was payable on all varieties of cotton, silk and woollen Khadi.⁸ In 1959, the Commission reduced the rates of rebate payable on reeled silk, on *pashmina* and *pashmina* mixed with silk and cotton from 19 per cent to 10 per cent.⁹ The rebate on spun-silk variety, however, continues to be the same as before, i.e., 19 per cent.

(i) *Vastrasavalamban* subsidy

9. The original proposal of the All India Spinners' Association in this regard was payment of 8 annas per sq. yd. all inclusive, and the Board at its first meeting accepted this decision.¹⁰ Later, at the instance of Government, the subsidy was divided between self-spinners and institutions in the proportion of 5 annas weaving wages per sq. yd. and 2 annas as compensation to the institution for this work. Recently, the Commission revised the management charges from 2 annas to 3 nP. per sq. yd. Originally, a subsidy of 5 annas was paid

8. All India Spinners' Association, *Khadi Five Year Plan*, and the proceedings of the All India Khadi & V.I. Board, meeting dated the 3rd and 4th February, 1953.

9. Item (6) of the proceedings of the Board's meeting dated the 7th January, 1959.

Item 4 of the proceedings of the Commission dated the 9th February, 1959.

Item 7(a) of the proceedings of the Commission dated the 9th March, 1959.

Item 13, para 7 of the proceedings of the Commission dated the 4th May, 1959.

10. *Annual Report* 1953-54, p. 24.

on a maximum of 20 yds. per year but this condition was waived in 1954. Since then, the subsidy is paid on all cloth woven from the yarn of self-spinners.¹¹

(ii) Subsidy on production and sale

10. As certified Khadi institutions did not have any large capital resources and as the expansion of work necessitated increase in their owned resources, the All India Spinners' Association had recommended the payment of a subsidy on production and sale up to Rs. 2,000 per institution.¹² Later, the Board raised it as the institutions considered the sanctioned rates inadequate. The Commission today allows the payment of half an anna each on a rupee worth of production and sales. In addition, as an incentive to additional production and additional sales, the Commission pays an additional half an anna if production and/or sales registers an increase of 10 per cent over the average for the three previous years. Payment, however, is restricted to a maximum of Rs. 1,000 per institution per year.¹³ As Khadi production, particularly of large institutions, has considerably expanded, the Commission has under consideration, a proposal to confine the payment of these subsidies to small institutions. This proposal, if put into effect, will not involve any hardship to the bigger institutions as at present the contribution which they receive in the form of subsidies on production and sale do not materially increase the funds at their disposal.

(iii) Interest-free loans

11. The most important financial assistance provided to the certified institutions is grant of interest-free loans for the purchase of raw cotton at the rate of 20 per cent of the estimated value of production during the year, which, as a rule, is advanced about 6 months before the period during which it is required, and production and sale at the rate of 40 per cent each on the estimated value of production and sales of traditional Khadi and at the rate of 35 per cent each on the production and sale of Ambar or mixed Khadi. Originally, the Government of India insisted on charging interest at 3 per cent per annum; but later, it accepted the representation that, as Certification Rules required Khadi institutions to sell Khadi at cost price, they would not earn profits out of which to pay interest.

12. The period of repayment of loans for different purposes is still to be decided. But in its day-to-day working, loan for cotton purchase is assumed to be for a period of 18 to 20 months; and the loan for production and sale is assumed to be repayable in 10 equal annual instalments one year after the date of receipt. Loans for the purchase of equipment and machinery, construction of godowns etc., are also treated as ten-year loans, though the period over which they are to be returned is under negotiation with the Government of India.

11. *Annual Report 1953-54*, p. 73.

12. *Annual Report, 1953-54*, p. 24.

13. Item 7, proceedings of the Board's meeting (25th and 26th February, 1954).

13. These repayments of loans really do not amount to their liquidation out of surplus earnings of institutions, for, in fact, instalments of old loans are really met out of new loans. The original intention, when the terms of repayment of loans were settled, presumably was that instalments of repayments were to be met out of the net earnings of institutions and were, therefore, to be preceded by accumulation of capital by them. This, however, has not happened and, as stated above, repayment liabilities are met from the new advances of the Commission. If productive units are to accumulate their own capital, they will have to realize surplus earnings out of the sale proceeds of their products, *i.e.*, proportionately raise the price of their goods. The implication of this does not seem to have been understood in laying down the terms of repayment and, it appears, is not yet clearly appreciated. The institutions cannot possibly sell their products at cost if they are to build up their capital reserves. The whole question needs to be examined afresh. Loans may be granted free of interest; but, from the point of view of the economy, it signifies liability created by the development of Khadi; and, as Khadi institutions are not building up any reserves, a full appraisal of their financial position is necessary. The bearing of repayment of loans from fresh loans and the grant of loans interest-free should be taken into account; and, as stated above, if it is right that the loans should be granted free of interest, the interest accruing on them should figure in the accounts as a development charge. The total loans outstanding at the end of 1958-59 amounted to Rs. 17.97 crores, and if they are taken to carry an interest charge of 4 per cent. the interest charge incurred and not brought into account amounts to Rs. 72 lakhs; and over the six-year period, interest charges on the outstanding loans until 1958-59 amount nearly to Rs. 1.68 crores. This is the measure of additional assistance, which has been given out of State funds, but which has not been brought into Khadi accounts.

14. Apart from the financial assistance described above, Government of India provides assistance for training of organizers at the different *vidyalayas* and artisans through the institutions. The entire cost of running the *vidyalayas*, payment of stipends to trainees and their travelling allowances are met by Government. It is, however, necessary to compare the financial assistance granted to the Commission with similar assistance to the Handloom Board.

15. The Handloom Board, under the pattern of financial assistance approved by Government, assists weaver-members of cooperative societies with loans and grants for the purchase of various improved implements that are likely to contribute to higher productivity, improvement in quality and increase in earnings. Assistance for the same purpose has not yet been made available to Khadi weavers registered with the certified institutions, although Government accepted in principle that it was necessary to provide similar facilities to Khadi weavers also.

16. Even without this differential assistance, handloom weavers have a distinct preference for mill yarn, which is very greatly

strengthened by their being entitled to differential financial assistance for which Khadi weavers are not eligible. The differential scale of financial assistance available to handloom weavers organized in co-operatives has made it more difficult for Khadi institutions to get weavers for Khadi weaving. Similarly, there are wide differences in the pattern of assistance for the construction of dye-houses, finishing plants, etc.

17. Another glaring anomaly in the patterns of assistance is that the handloom weavers who are members of cooperative societies are assisted with loans and grants for construction of residential houses. Although the Khadi Commission requested extension of similar facilities for weavers registered with its certified institutions, approval has not yet been accorded.

18. It, however, needs to be added that the rate of rebate for Khadi has been 3 annas in the rupee since 1953, whereas the corresponding rate for handloom cloth has been 0-1-6 per rupee. This rebate has since 1958-59 been reduced to 0-1-0. In spite of it, sale price of Khadi is, as stated in Chapter 7, 115 per cent higher than handloom cloth of comparable variety.

Classified Expenditure on Khadi

19. Statement 52 presents details of the expenditure on traditional and Ambar Khadi schemes classified into three categories : development, investment and commercial operations. Development expenditure consists of expenditure on training, rebates and subsidies, exhibitions, technical research and similar promotional activities under each programme. Investment outlay, shown in Statement 52, consists of grants and loans for the acquisition of fixed assets, such as equipment for production centres, construction of godowns, purchase of *charkhas*; and commercial operations consist of advances of loans for working capital for the purchase of raw cotton, production and sale of Khadi.

20. Of the net disbursements over the six-year period of Rs. 19.23 crores on traditional Khadi schemes, Rs. 10.26 crores or 53.4 per cent were expenditure on development items mentioned above. Rs. 8.85 crores or 46 per cent represent loans for commercial operations, such as purchase of cotton, production and sale of cloth, and Rs. 11.9 lakhs or 0.6 per cent investment outlay.

21. On Ambar programme, however, the distribution of the outlay between the three heads of expenditure is different. Outlay on development over the three-year period amounted to Rs. 5.65 crores or 36.9 per cent of the total expenditure of Rs. 15.31 crores, and investment on the manufacture and distribution of Ambars on hire-purchase basis, construction of godowns, organization of finishing centres amounts to Rs. 3.96 crores or 25.9 per cent, and loans for commercial operations, such as advances for working capital for cotton purchase, production and sale to Rs. 5.70 crores or 37.2 per cent of the total expenditure over the period.

22. Expenditure on the staff of the Commission at the headquarters and in the field over the six-year period amounted to Rs. 1.48 crores. Since April 1, 1957, when the Commission was appointed, expenditure on administration is allocated between Khadi and village industries programmes in the ratio of the total sanctions for the two groups of industries. Consequently, the expenditure on Khadi programmes since 1957-58 has sharply increased. This gives a somewhat exaggerated idea of the expenditure on Khadi development, as the division of the total expenditure between Khadi and village industries, under the Rules framed under the Khadi Commission Act¹⁴, has, for accounting purposes, to be made according to the proportion of the expenditure on Khadi and village industries to the total expenditure of the Khadi Commission. This, we have been told, leads to expenditure being debited to Khadi in excess of the actual expenditure chargeable to it. The matter, we understand, is being examined, and we take it that more factual apportionment can and will be secured.

State-wise Analysis

23. Statement 53 presents the state-wise details of the classified expenditure. Analysis of the figures shows, as pointed out in Chapters 4 and 5, a high proportion of expenditure on development in Bombay. Of the total expenditure of Rs. 5.83 crores in Bombay, Rs. 3.73 crores or 64 per cent was expenditure on development. The outlay on development in Bihar and Uttar Pradesh was Rs. 1.79 crores and Rs. 3.23 crores or 33 and 44 per cent of the total expenditure. The relatively larger outlay on development in Bombay is due to Bombay being one of the largest selling centres, accounting for, as stated earlier, 27 per cent of the total disbursements of subsidies, and also one of the most important training centres having five *vidyalayas*. Although investment outlay in Bombay was only Rs. 29.19 lakhs or 7 per cent of the total outlay of Rs. 4.08 crores, Bombay accounted for 12 per cent of the expenditure on commercial transactions. This again is due to Bombay being an important centre for the purchase and distribution of raw cotton and the manufacture and distribution of Ambars. These figures do not call for comments other than those already made in Chapters 4 and 5.

24. The total expenditure on Khadi programmes, according to the analysis given above, amounts to Rs. 34.54 crores. Advances of loans for working capital amounted to Rs. 14.54 crores. There has also been, relatively speaking, small amount of expenditure on acquisition of fixed assets amounting to Rs. 4.08 crores or 11.8 per cent of the total. The remaining expenditure of Rs. 15.91 crores or 46.06 per cent is development expenditure. Regarding the latter, *i.e.*, development expenditure, the Khera Committee had expressed the view¹⁵ that it is a legitimate charge on the public exchequer. We consider this view as reasonable and sound, and future development programmes can and should be based on this assumption. The other expenditure,

14. Rule 19, sub-section 7.

15. Op. Ctt, p. 50.

i.e., working capital and investment, can, if the required arrangements are made, be met from the accommodation made by the financial institutions. We have been told that Khadi Commission has tried to sound the State Bank of India whether it would make financial accommodation available to the State Boards and institutions or the Khadi Commission itself as an ordinary business transaction, but, owing to technical reasons, the State Bank pleaded inability to make these advances. We are of the opinion that these technical considerations do not present any insuperable obstacles, and it should be possible to devise measures by which the Khadi Commission and Khadi institutions can draw upon the liquid funds of the community for meeting their requirements of working capital.

Institutional Finance

25. The Karve Committee, the Planning Commission and the Khadi Commission had definitely accepted that working capital should be obtained from financial institutions, like the State Bank, the Co-operative Bank, etc.; but so far no practicable scheme has been evolved for Khadi and village industries. Two schemes have been devised by the Reserve Bank and the State Bank to supplement the advances, which have been given by State Governments under the State Aid to Industries Acts and by State Finance Corporations. The schemes and the details of progress are given in Appendix 10.

26. It would appear that the principle of institutional provision of working capital to decentralised industries and also for meeting their long-term needs in some cases has been accepted by the Government of India, the Reserve Bank, the State Bank and the Co-operative Banks. The Khadi institutions and cooperatives are, in our opinion, entitled to financial accommodation, at least on equal terms with other decentralised industries. Really speaking, owing to the special problems and difficulties of Khadi, the institutional provision for short and long-term capital should be made on more liberal terms to the various operating units of the Khadi programme. It is now generally admitted that credit-worthiness of individuals, cooperatives and other institutions should not be assessed in proportion to their assets; but the purposes for which advances are needed and the actual records of individuals and corporate units should be the basis of assessing credit-worthiness. This view has to be made the basis of actual operation on a much wider scale than it has been done so far. In Khadi it is still to be introduced; and it is to be recognised that it has even greater validity. Advances have to be given to the various units operating in the Khadi programme more on the basis of confidence, *i.e.*, trust, than on any evaluation of their assets, fixed or otherwise. Khadi has even more than other decentralised industries, to move forward on the basis of the quality and trust-worthiness of its workers and the conviction, competence and devotion to duty that they bring to bear upon their work. If this condition is realised in actual practice, the integrity of the programme as a whole and intelligent and intensive application of the necessary effort for its implementation would be the

greatest guarantee of credit-worthiness of Khadi. It, if this is done, will become a much better risk for providing financial accommodation on liberal terms than it can be in terms of its assets. As Khadi has to satisfy these conditions if it is to survive and grow in terms of the obligations it has already assumed and which have to be enlarged in the interest of its sound development, this criterion of credit-worthiness would be satisfied if the essential conditions of its development are actually realised.

27. We are of the opinion that the whole question of providing short and long-term financial needs of all decentralised industries should be treated as one problem and measures taken to create and develop an organization, which will assume responsibility for financing all these industries. It would, of course, be necessary to take the needs of particular industries into account and make provision for them. This consideration applies with special force to Khadi but, may we repeat, that financial problem of all decentralised industries has to be considered in its entirety and provision made on a unified basis.

Relation of Expenditure to Output and Employment

28. The assessment of results obtained from the expenditure incurred on the implementation of the traditional Khadi and Ambar programmes raised a number of problems, which, however, could not be adequately answered because of certain serious deficiencies of the available material. The investment-output ratio that is shown below for each programme is only a rough indication of the actual position. The following are the assumptions on which the ratio is based.

29. Normally, for calculating the investment-output ratio the net marginal addition to investment must be related to the net marginal addition to the value of output. The net value of output is calculated by deducting from the gross value of output, the cost of raw materials, payments to others and adding subsidies. In traditional Khadi, however, marginal addition to investment is difficult to estimate because we have not adequate data. It is, therefore, assumed that the investment on *charkhas* and looms as represented by the reported number of spinners and weavers employed during 1957-58, for which we have comparatively complete data, constitutes total investment. It is also assumed for purpose of calculating the ratio that the output reported for 1958-59 represents the result of the working of only this number of spinners, weavers and other categories of personnel. It is assumed that the net additional number employed between the end of 1957-58 and 1958-59 did not materially contribute to the total value of production.

Concept of Investment

30. In the absence of adequate information on the absorption of trained personnel and the results of promotional activities, it is difficult to determine the percentage of current outlay that needs to be added to investment on fixed assets. Therefore, it is assumed that only the

expenditure on the purchase of equipment, construction of godowns, *charkhas*, looms and accessories constitute investment. Strictly speaking, marginal additions to inventories from year to year should be construed as investment because addition to inventories represents capital locked up in stocks. Here again, we do not have adequate data to assess, even approximately, the variations in inventories. We have, therefore, assumed that variations in the inventories from year to year have been negligible.

31. For purposes of arriving at the value of net output we have deducted the value of raw material. There is no need to add subsidies because the subsidy on production and sale is a consequential payment, which during any one year does not tally with the actual payment. Rebate on retail sales represents payment to institutions to reimburse their management costs, the bulk of which consist of payment of wages and salaries of supervisory personnel. As the value of Khadi is essentially the wages paid, we have not deducted this amount.

32. At the end of 1957-58, the total number of persons employed in traditional Khadi production was 8.59 lakh spinners, 65,200 weavers and 44,700 other categories of personnel. On the assumption that the average cost of a traditional *charkha* was Rs. 4 and that of a loom Rs. 250, investment in traditional Khadi till the end of 1957-58 was Rs. 197.34 lakhs. The gross value of the output during 1958-59 was Rs. 955.05 lakhs. The cost of raw materials, *i.e.*, raw cotton is estimated at 20 per cent of the total value. The value of net output works out to Rs. 764.04 lakhs, which gives us a ratio of 1:3.87. (Statement 54).

Employment

33. For the purpose of calculating investment-employment ratio, it is necessary to calculate employment provided in terms of full-time. In terms of full-time employment, the number employed in traditional Khadi comes to only 1.98 lakhs, as compared with the reported employment of 9.69 lakh persons on a part-time basis. This gives us a ratio of Rs. 99.67 : 1.

34. For calculating similar investment-output and investment-employment ratio for Ambar the following assumptions are made:

Only 1957-58 can be taken as the first year during which the Ambar programme was fully worked. It is assumed that Ambars distributed during 1958-59 did not materially contribute to the volume of production in 1958-59. Reported output for 1958-59 may be taken to be accounted for by Ambars distributed during the last quarter of 1956-57 and 1957-58. The number of weavers employed by the Ambar programme is estimated on the basis of 5 yds. a day and 300 working days in the year. The other personnel reported as employed numbering 15,000 is taken as broadly correct.

35. On the basis of Rs. 120 per Ambar and Rs. 250 per loom, the total investment on the Ambar programme till the end of 1957-58 works out to Rs. 196.55 lakhs. Besides this, Rs. 38.75 lakhs were invested on production and finishing centres, construction of godowns and similar fixed assets. Many Khadi institutions employ *dhunai* machines for the convenience of their spinners. We have taken that for every 75 Ambars one *dhunai* machine, costing Rs. 150 each, was provided. This adds Rs. 2.89 lakhs to the total investment. The aggregate investment till the end of 1957-58 works out to Rs. 238.19 lakhs. The reported production of yarn is 38.4 lakh lbs., which, at the rate of 3.6 yds. to the lb., is equivalent to 138.24 lakh sq. yds., and their value at Rs. 1.75 nP. per sq. yd. is Rs. 241.92 lakhs. Deducting value of raw materials from the gross value of output, the net value of output works out to Rs. 193.54 lakhs. This yields a ratio of 1 : 0.81 (Statement 55).

36. In terms of full-time employment, the Ambar programme provided employment to only 51,000 persons. This yields an investment-employment ratio of Rs. 467 : 1.

37. It is necessary to point out that actually certified institutions have not distributed *dhunai modias* to spinners; and the net investment per spinner on Ambar is Rs. 90 on the average. Secondly, Ambar yields, on the average, only 2.26 hanks per day as compared with 6 hanks per day estimated by the Khera Committee. If Ambar is worked at 6 hanks a day and for 300 days in the year, the investment-output ratio will improve to 1 : 2.82 and investment-employment ratio to Rs. 133.25 : 1. The improvement in the latter is due to the increase in the number of weavers for whom the programme can provide full-time employment. If Ambar can be made to yield 8 hanks a day, the ratios can improve further to 1 : 3.38 and Rs. 140.2 : 1. The projection of this analysis serves to emphasise the need to take early steps to reduce the extent of under-utilisation of Ambar and improve its working in every aspect.

Comparative Ratios in large-scale Industries

38. We were not able to obtain up-to-date information to work out comparative ratios for most large-scale industries. On the basis of the data available in the Census of Manufactures 1956-57, we worked out the ratios given in Table 5.

TABLE 5

Industry	Investment output	Investment Employment
1. Cotton textiles	1:1.13	Rs. 1,834:1
2. Iron and steel	1:0.64	Rs. 10,808:1
3. Sugar	1:0.94	Rs. 3,151:1
4. Cement	1:0.30	Rs. 16,216:1

Conclusion

39. These figures seem to indicate that, both from the point of view of investment-output and investment-employment, the country

seems to have obtained favourable returns from the investment. It is, however, necessary to realise that the average wage for traditional Khadi spinner is only 8 as. per day and, in real terms, this is only two-thirds of the pre-war wage. For Ambar spinner the full-time wage will be 12 as. a day, but actually at the rate of Rs. 4 to 5 per month he is earning at present, it is less than 3 as. per day. The average rate of annual earnings of workers (1957) in cotton textiles is Rs. 1,243, in electricity, gas and steel Rs. 1,592, in transport equipment Rs. 1,482 and in leather Rs. 890.¹⁶ When these disparities are taken into account, the favourable interpretation of the ratios given above in terms of employment greatly lose their social significance. It is true that these low wages have to be compared with the wage rates prevalent in the rural areas; and from that point of view, Khadi is a relief programme of importance; but, as we have pointed out elsewhere in this report, this is a poor criterion by which to judge the importance and social utility of Khadi programme. It will not be possible to raise rural wages to the level of urban wages for some time to come; but the present disparity between the two, as is well-known, is a measure of the depressed state of labour in rural areas; and raising the level of wages and income of the workers in Khadi industry has to be a prime consideration of the reorganization of Khadi programme. These investment-output and investment-employment ratios given above are only a rough indication of the returns that the country is getting for expenditure on Khadi development. These calculations leave out 40 per cent of the expenditure on working capital, which generally is not taken into account in the calculations of these ratios. This expenditure, however, involves outlay of resources and is relevant for assessing the worth-whileness of the expenditure from both the economic and social standpoints. If the expenditure on working capital is allowed for in this assessment, the investment-output ratio will be 1 : 0.85 and investment-employment ratio will be Rs. 453 : 1 for traditional Khadi and for Ambar, they will be 1 : 0.39 and Rs. 969 : 1, ratios which are obviously much less favourable than those given above. If the expenditure on training, administration and other over-heads is also taken into account, i.e., the total expenditure on development minus rebates, which are a part of the gross value of the output plus the expenditure on subsidies, i.e., Rs. 1,387.07 lakhs, the ratios of output and employment to total expenditure on organization and development will be even less favourable. For the total full-time employment of 2.49 lakh persons and output of Rs. 9.58 crores in 1958-59, the country really spent Rs. 13.87 crores. On that basis, the outlay-output ratio and outlay-employment ratio will be 1 : 0.69, Rs. 557 : 1, i.e., it costs the country for one rupee of output Rs. 1.45 outlay, and for one person fully employed at extremely low level of wages, Rs. 557.¹⁷

16. *Monthly Abstract of Statistics*, Ministry of Commerce and Industry, November, 1959.

17. Investment-employment ratio in small scale industries is estimated at Rs.5,000:1 and in the handloom industry at Rs. 269:1. The former is exclusive of working capital, and the latter is inclusive of it.

Source : *Report of the Working Group for Small Scale Industries programme of work for the Third Five Year Plan*, p. 26 (1959) and *Report of the Working Group for the Handloom Industry* pp. 15 and 43 (September, 1959) Ministry of Commerce and Industry.

40. There is, however, no doubt about it that Khadi is a labour-intensive and not capital-intensive industry; and as such, it has to be assigned a place of its own in our development programme. Utilisation of idle manpower in India is, it is now recognized, one of the real keys to greatly accelerating the pace of economic development of the country, and Khadi can be one of the most important means for the utilisation of idle manpower for productive purposes. As such, it has to be given its due consideration; but unless it gives a level of wages worth working for and its production is coordinated with greatly accelerated development of the economy as a whole, a point to which we have referred so often already, these ratios do not have any real social import and these have, therefore, to be interpreted subject to these very important reservations.

CHAPTER 16

ORGANIZATION

In Chapter 3, we briefly referred to the different agencies in charge of the Khadi programme in the country. It is, however, necessary to examine in detail the organizational set up of the Commission at the headquarters and in the field, and the relations between the Commission and the Government of India and different implementing agencies, and among the different agencies themselves.

Headquarters Organization

2. The organization at the headquarters of the Commission consists of the Member-in-charge, Khadi and the Member Secretary and the Khadi and Ambar Sections, which are in charge of the implementation of the policies and decisions of the Commission. The Khadi Section of the Commission is run by ten Directors, three deputy Directors and nine assistant Directors and their office personnel. In the formulation of policies and decisions regarding different aspects of the programme, the Commission is assisted by the following Standing Committees: (i) Certification Committee, (ii) Standing Finance Committee, (iii) Cotton Purchase Advisory Committee, (iv) Training Committee, (v) Standardisation of Khadi and Saranjam Committee, (vi) Khadi Experiments Grants Committee, (vii) Government Supplies Committee and (viii) Cooperative Advisory Committee.

Functions of the Committees

Certification Committee

3. The Certification Committee is an autonomous body, consisting of veteran Khadi workers with wide experience of Khadi work and of Khadi institutions. It is in charge of issuing certificates to institutions, cooperative societies and others in accordance with the rules of Certification of Khadi formulated by the former A.I.S.A. It is a special responsibility of the Committee to work out standard cost and price schedules, which are meant to be applicable all over the country, and variations in them are intended to be made with the approval of the Committee when local factors justify them. This implies that not only the cost and price structure requires approval of the Committee, but also the rates of wages to spinners, weavers and other personnel have to conform to certain standards. In practice, variations in some cases are wide and, for the low level of wages, particularly of the spinners, the Certification Committee is primarily responsible. It has not been able to prescribe higher wages for them, owing to the knowledge that Khadi prices cannot carry the burden of

higher wages. The fact, nevertheless, remains that large majority of Khadi artisans are being paid at rates which are not in keeping with the accepted principles of costing, to which we have referred in Chapter 2 and which, in theory, are still held to be valid.

4. The Committee carries out periodic audit of accounts and inspection of activities of institutions and societies to ensure that they, in fact, conform to the prescribed rules. For this purpose, the Certification Committee has at present two Senior and 6 Junior Auditors, besides an office establishment consisting of 15 persons. Auditors are expected to examine fully the cost and price structure of the institutions and indicate the deviations, which call for corrective action. In practice, however, it means that actual wages are not less than the prescribed rates, and surplus, if any, is used for the benefit of the artisans and for approved purposes. If the activities or policies of institutions do not conform to the letter or the spirit of the certification rules, certificates of the institutions are cancelled. The Commission, as a rule, accepts its decisions and promptly acts on them. Where matters of general policy are concerned, the Committee's recommendations are referred to the Advisory Board and the latter has the last word on the subject.

5. During the period since its establishment in 1954, the Certification Committee has examined a number of important questions relating to the costing of Khadi. Among these are the percentage of total costs that registered institutions can charge as establishment or overhead costs of cotton, silk and woollen Khadi, the division of the overheads between sales bhandars and production centres, demarcation of the area of operation of production centres and sales bhandars to avoid unhealthy rivalry and competition. During the six-year period, the Certification Committee has suspended certificates of about thirty institutions and, in a few cases, had cancelled them for infringement of certification rules. In a few cases, the Committee took corrective steps to ensure that institutions paid spinners according to wage scales prescribed by the A.I.S.A. and credited to artisans' welfare fund receipts above the amount needed for preserving the solvency of the equalisation fund and also other profits accruing from all business transactions. So far, however, no major institution has incurred any serious censure of the Certification Committee.

6. The view was expressed that although the Certification Committee has issued a number of important circulars to the institutions to standardise costs and prices, the staff available to it to audit the accounts of institutions and ensure full observance of the prescribed rules is inadequate. The Committee itself has recorded in its latest annual report that, during 1958-59, it was able to audit the accounts of only 110 institutions out of the total of 696 certified institutions in the country. The Certification Committee performs very important functions and as long as the present conditions continue, it is in our opinion, necessary that it should have adequate staff for a satisfactory discharge of its duties.

Standing Finance Committee

7. The Standing Finance Committee is in charge of the scrutiny of applications of institutions for financial assistance. It consists of all the members of the Commission, the Financial Adviser, the Chief Executive Officer, the Chief Accounts Officer. The Assistant Director (Loans) acts as its Secretary, but is not a member of the Committee.

8. Certified institutions are required to specify in their applications for assistance details of the loans and grants received by them during the previous year, amount of loans repaid and outstanding under each item at the time of application, production and sale of Khadi and their proposals for the year for which funds are required by them. Members of the Standing Finance Committee bring to bear on their decisions the knowledge and experience of the working of certified institutions, acquired through their close and personal relations with the top organizers and managers of most of the important institutions and judge the relation of the information supplied by them to the Khadi programme as a whole. Although between 1953-54 and 1955-56, there were considerable delays in the disbursement of funds owing to the lack of procedural adjustment to the actual needs of the programme, the position has considerably improved since then, though there is, in our opinion, still scope for more expeditious disbursement of funds sanctioned by the Commission. Except where institutions send incomplete applications or fail to supply relevant information in the form in which it is required, there are no undue delays, in theory, on the part of the Commission in the disposal of applications. In fact, however, we were informed that in a number of cases actual disbursement of funds, *i.e.*, issue of cheques to the parties, whose applications had been approved by the Standing Finance Committee, has been delayed by as much as three months in some cases. Instances have been cited before us, where delays in the disbursement of funds for the purchase of cotton has resulted in heavy losses owing to the subsequent rise in prices. These facts call for effective action for removal of the causes of these delays. More expeditious disbursement of funds is called for, and can and should be brought about. In other words, there should be no gulf between theory and practice in this respect.

9. The procedure of application for, and sanction of funds to, the Commission's own centres is slightly different. As most of these centres run directly by the Commission are in charge of the Zonal Directors of the Zones concerned, Zonal Directors, indicate to the Commission the size of funds likely to be required for the next year by these centres. These funds are placed at the disposal of the Zonal Director after the scrutiny of their proposals for the implementation of the programme of these centres.

Cotton Purchase Advisory Committee

10. The Cotton Purchase Advisory Committee, which was appointed in May 1957, consists of the Member-in-charge, Khadi, the Member

Secretary, cotton experts associated with well-known cotton associations to advise the Commission regarding the markets at which different varieties of cotton are to be purchased and also regarding the transport, stocking and distribution of cotton. The Committee also advises the Commission regarding the disposal of cotton seeds. The Committee meets once a month to consider the questions that arise from time to time regarding stocking and disposal of cotton. Besides this Committee, there is a Sub-Committee, which assesses the quality of cotton purchased in relation to the price paid for it in different markets, for the purposes of calculating a general price schedule for different varieties of cotton on the basis of staple and grade, according to which costing of cotton is calculated and charged to the cotton account. As pointed out by us elsewhere, the value of cotton is debited to the account at prescribed standard rates; and the differences between them and actual prices are adjusted through the equalisation account and, as a rule, the outgoings and incomings in this fund are equalised; and if there are surpluses in some random transactions, they are utilised for the benefit of the artisans. Recently, with the approval of the Commission the Committee has appointed a Cotton Production Committee to assist the Commission in deciding the type of cotton to be cultivated in different areas to enable Khadi institutions to obtain their requirements of cotton locally. These very much belated policy decisions, however, have not borne any fruit as yet.

11. The Cotton Purchase Advisory Committee was set up only in 1957, and the assignment to it of the task of cotton purchase has not yet made a material difference to the implementation of the Khadi programme. Cotton still continues to be bought at considerable distances from the centres at which they are required, and its price is on that account loaded with, as pointed out by us in Chapter 7, high transportation costs.

Saranjam Standardisation Committee

12. Saranjam Standardisation Committee consists, besides the Member-in-charge, Khadi, who is its Chairman, members with considerable experience of technical research in decentralised spinning. This Committee is responsible for technical examination of different improvements of implements in use in hand-spinning and hand-weaving suggested by individuals or by institutions, and for making arrangements to have such improvements tested in the field and for dissemination of the knowledge of tested improved technique to all manufacturing centres. The Committee also prescribes standard specifications for the manufacture of different parts of Ambar and its accessories.

13. Although since its appointment it has, with the assistance of several technical experts, approved a number of improvements after laboratory and field tests, very little has been done to introduce even the approved improvements and innovations. An energetic propagation and introduction of technical improvements, as stated by us in Chapter

13, is of the highest importance for the success of the Khadi development programme and has to be made its essential part. Delay in the introduction of *samyukta* model is another illustration of the urgent need of giving this matter its due consideration.

Government Supplies Committee

14. The Government Supplies Committee, formerly known as the Central Supplies Section, consists of the Member-in-charge, Khadi, the Member Secretary and the Zonal Director, Bombay. Its main function is to coordinate and plan the supply of Khadi and other village industries products to Government. So far, however, the Committee's work has been confined to supplies of Khadi against accepted tenders.

15. The Commission usually offers to supply Khadi mostly for the uniforms of staff of different departments of Government. When Government accepts these tenders and intimates to the Commission its requirements, the Commission distributes the orders among the different institutions according to their capacity to manufacture different varieties. The Government Supplies Committee is also responsible for ensuring the manufacture of cloth according to the specifications at the appropriate prices.

Khadi Experiments Grants Committee

16. The Khadi Experiments Grants Committee consists of the Member-in-charge, Khadi, who is its Chairman, and the Hon. Technical Adviser. It has to examine applications from individuals and institutions for experiments in Khadi and to make recommendations to the Commission regarding grants for the conduct of experiments. The Committee is authorised to recommend grants up to a maximum of Rs. 5,000.

17. During the period since its appointment, the Committee has met only once. Often this Committee has worked in close cooperation with the Saranjum Standardisation Committee, as the members of the latter are closely associated with research workers and in a position to advise the Committee. As already stated in Chapter 13, various amounts have been sanctioned for individual experiments. The Commission through this Committee has to take active steps to stimulate and support individual and local initiative in suggesting and applying technical improvements. These, even when individually they are of minor importance, may possibly will have substantial cumulative effects. During our visits to Khadi institutions in different parts of the country, we had the opportunity to know of a number of promising improvements made by the artisans. In our view, such innovations need to be fully encouraged and supported through technical guidance and financial assistance.

Training and Cooperative Advisory Committees

18. We have already explained the composition and functions of the Training Committee in Chapter 10. The Training Committee advises the Commission on the training programme, prepares the syllabi for different courses of training and assists the Commission in recruiting the staff for different *vidyalayas*. As a rule the recommendations of the Committee are accepted by the Commission and implemented without avoidable delay. We have similarly explained in Chapter 11 the composition and functions of the Cooperative Advisory Committee. The recommendations of this Committee as well regarding the formation of Khadi and other cooperative societies are generally accepted by the Commission. In view of the need and importance of developing Khadi programme through cooperatives, there is obvious need for this Committee to acquire a real dynamic of its own. At present, as is shown by the actual results stated in Chapter 11, this Committee has failed to acquire and develop the needed sense of urgency in regard to the formation and working of cooperatives. If our proposals in Part II are to be acted upon, this Committee will acquire a crucial importance of its own and become the most important instrument of reorganizing the whole Khadi programme and will have to be equal to its tasks.

Field Organisation

19. The Commission's organizational and administrative machinery in the field consists of 10 Zonal offices, each in charge of a Director. Zonal Directors of the Commission are generally experienced Khadi workers with extensive contacts with Khadi institutions in their respective zones. The Zonal Offices in Madras, Bengal, Bihar and Punjab cover more than one State. Prior to the formation of State Boards, Zonal Directors were expected to coordinate the activities of the different Khadi institutions in their respective zones and keep close contact with State Governments and act as the liaison officers of the Commission in the zones. Since 1957, each Zonal office has been entrusted with additional functions, such as the scrutiny of the claims for rebate on retail sales of Khadi of the institutions in their zones and also the control and direction of the Commission's field staff for Khadi programme.

20. The field staff of the Commission consists of personnel in charge of periodic inspection of the work of Ambar *parishramalayas*, *Saranjam karyalayas* and yarn and cloth production centres. Besides these purely supervisory personnel, there are technical experts in different aspects of weaving and spinning. With the increase in their functions, the Zonal offices have been expanded and are today in administrative charge of the field staff of both Khadi and village industries programmes and function as "the eyes and ears of the Commission" in the zone.

21. Although the Commission, as stated already in the Chapter 14, has increased the number of staff in the field for inspection of *parishramalayas* and production centres, by and large, the quality of

the personnel, their approach to Khadi work and their technical competence are, as stated already, below the required standards. Khadi institutions in almost all parts of the country are of the view that the present field staff is generally inadequate in number, poor in their knowledge and grasp of the essential technical and organizational matters, without real earnestness in their outlook and attitude. Their performance in practice has fallen short of the needs and expectations.

22. Our own impression is that most of the Zonal offices are at present over-staffed in relation to both the quality of services rendered and the number of functions left to them after the constitution of State Boards. With a few exceptions, Zonal offices have not been able to influence the quality or quantity of work and generally have been bypassed by the more important and influential institutions in the zone. As most State Governments have set up or have decided to set up Statutory State Boards in deference to the Commission's wishes, we are of the opinion that the functions of the Zonal offices should be transferred to the State Boards. The State Boards, if they are re-organized and cured of the serious defects from which they have been and are suffering, should be able to assume supervisory and coordinating functions and make it unnecessary for the Commission to have its own zonal staff for the purpose.

Commission's Centres

23. It is necessary to point out that, through its Zonal offices in Andhra, West Bengal and Jammu and Kashmir, the Commission has organized production centres in those States and is directly running them. In Andhra, production centres were organized directly by the Commission because, when the A.I.S.A. withdrew from active work in 1953, there was no certified institution able and willing to organize production in the whole of the State. In West Bengal and Assam, production centres have been organized to serve as model centres to the institutions. In Kashmir, where Shri Gandhi Ashram also has its branches, production centres were organized in order to arrange for the distribution on an equitable basis different varieties of woollen products to all sales centres in the country, as it was felt that any one institution would not be able to perform this function.

24. We are of the view that, as soon as possible, the Commission should hand over the management of the production centres organized by it to cooperatives, registered institutions or State Boards. The organization of production centres for certain limited purposes might have been necessary in the early stages for the purposes stated above. Khadi institutions in the country look upon these centres not as partners but as rivals, and we are firmly of the view that continuance of such feelings and attitude are not only avoidable, but contrary to the spirit of Khadi. We, therefore, suggest that attempts should be made to transfer these centres, as soon as possible, to other agencies. The Commission should confine its activities to the provision of financial, technical and economic research and major policy issues, and leave the actual implementation of the programme to other agencies.

Certified Institutions

25. Certified institutions occupy a pre-eminent place in Khadi work. Although the number of certified institutions at the end of 1958-59 was 696, about 75 per cent of the total Khadi production is accounted for, as stated in Chapter 6, by 10 institutions in 6 States. Most of the institutions, as stated already (Chapters 6 and 11), have an annual production of less than Rs. 50,000 and it is only the big Ten which really count in the production and sale of Khadi and the execution of the entire programme. In their case, the availability of senior staff, who can assume responsibility, is the most important limiting factor in the expansion and extension of production.

26. The organizational and administrative limitations of the large institutions and the emphasis on production for sale are responsible for the inability of the workers to establish personal relations with the artisans or win their confidence in human terms.¹

State Boards

27. As pointed out earlier in Chapter 3, all State Governments other than those of Madras, West Bengal and Uttar Pradesh, have set up Statutory State Khadi and Village Industries Boards as desired by the Commission. The Commission had requested the State Governments to appoint as members of these Statutory State bodies only constructive workers with extensive experience and knowledge of the work relating to the development of Khadi and village industries. The State Governments, however, have not always been able to restrict the membership of these bodies to only such persons; and also due to other distorting reasons, the approach of the State Boards to the development of Khadi and village industries has, in many important respects, been influenced by ulterior considerations and not measured up to the needs of the programme.

28. Khadi work organised by State Boards has generally been of a limited character. Several State Boards have publicly avowed their preference for cooperatives and have, in many cases, initiated their formation; but the general feeling is that the cooperatives are favoured by the State Boards more because they are alternatives to the institutions rather than because of their (State Boards') faith in cooperatives. There is, therefore, lack of confidence between the State Boards and large certified institutions; and though the latter (institutions) are represented in the State Boards, this fact has not allayed distress or led to real cooperation between them or coordination of work. We are, it should not be necessary to repeat, in favour of the cooperatives being fully developed for making Khadi a symbol and an instrument of building up the new rural economy. Most of the Khadi cooperatives are merely sales societies formed to have the benefit of rebates and subsidies and are, in fact, not performing any

1. See Chapter 2, para 13.

other function. The artisans have practically no place in these co-operatives and no attempt has been made to enlist their active initiative and cooperation.

29. Generally speaking, it can be stated that State Boards have not been able to undertake the responsibility for the development of Khadi work in their respective States; and the object for which the Commission desired their formation, has not been fulfilled in most cases. This position is likely to continue so long as relation between the institutions and the State Boards continue to be what they are. The Khadi institutions want to deal directly with the Khadi Commission and are very reluctant to let the State Boards replace the latter. The clear indications are that unless the relations between the State Boards and the institutions are radically improved, and the former enjoy a much greater degree of confidence of the latter (the institutions) than they do at present, the State Boards will not be acceptable to the institutions as substitutes for the Khadi Commission in the execution of the national Khadi policy at the State level. The position, therefore, has to be re-examined from this point of view and the relations of the State Boards with the institutions placed on a different and more satisfactory basis in the interest of accelerated and integrated development of Khadi work in the country.

Community Development Blocks

30. As pointed out in Chapter 5, Khadi work organized in Community Development Blocks does not amount to much. The work is organized mostly by certified institutions and not by the project authorities; and the recommendations of the Khera Committee that Ambar Blocks and every effort should be made to grow locally cotton suited for hand-spinning, have in practice been completely ignored. In fact, institutions expressed the view that officers in charge of the Community Development Blocks are generally unsympathetic and at best indifferent to the development of Khadi in their areas. Many institutions expressed the view that, far from being a source of help, they have generally hindered the work already organized. In brief : although Khadi is practically the one village industry, which is reported to have been developed on any scale in the Community Development Blocks,² the quality of work done is poor and no planned effort has been made to integrate Khadi with the development programme even in the Pilot Areas.

State Governments

31. Khadi programmes are being implemented departmentally in Madras on a substantial scale and on a small scale in Uttar Pradesh. The Director of Industries in Uttar Pradesh works in close cooperation and consultation with Shri Gandhi Ashram. In Madras, however,

2. Chapter 5, paras 50-55, *Sixth Evaluation Report*, P.E.O. pp. 34 to 39, 44-45, 58, 60 to 64, 69 and 72.

the relations between the department of Khadi and the certified institutions have been subjected to considerable strain, owing mainly to the divergence of opinion regarding the areas of development, prices of cloth, location of sales centres, etc. As a result, there has been avoidable duplication of effort to the disadvantage of a planned extension of Khadi work to new areas. The appointment of a Co-ordination Committee at the State level has not so far contributed to the improvement of the position.

32. To ensure closer coordination of work in the field and also resolve some of the problems arising from lack of clear definition of the role of the State Boards, institutions and others three conferences of the representatives of these different agencies were convened in 1954, 1955 and 1958. As a result of detailed discussions, the 1958 conference came to the following decisions regarding the composition and functions of the State Boards and also the future policy of the Commission.

33. State Boards were to consist of constructive workers and, as far as possible, the Secretary and the Chairman of State Boards were to be non-officials. As there was need for coordinating Khadi work in the Community Development Blocks, the Development Commissioners should either be members of the State Boards or have the right to attend all the meetings of the State Boards, to which was assigned the responsibility for coordinating the work of the different agencies in the State. As a rule, the Commission would channelise its funds through State Boards except in special cases and for limited periods of time only, during which it could directly deal with certified institutions and organize centres of its own.³

34. The State Boards would, it was decided, in future encourage the development of cooperative societies of artisans; but these co-operatives should be formed in areas where certified institutions had no branches. The State Boards and registered institutions should actively assist in the organization of cooperative societies in areas which were not covered by their activities. The conference was generally of the view, which however, is regarded as debatable by some responsible workers, that the formation of federations by both cooperative societies and registered institutions at the State level would not create any complications or administrative conflicts.⁴

35. The implications of the resolutions of the conference held in 1958 have not, however, been properly appreciated or implemented, and participation of State Governments in the administration of the Khadi programme, has, instead of resolving old contradictions, added to them and created fresh difficulties. Experience clearly points to the necessity of Khadi organization and State Boards becoming truly autonomous, without being in any way involved in the internal politics

3. *Khadi Gramodyog*, Conference Number, August 1958 pp. 83-86.

4. *Ibid*, p. 87.

of the State. This has not happened so far and is the root cause of many serious difficulties which have arisen. Corrective action in this respect is urgently called for and has to be provided for in the re-organization of Khadi work in the country.

Relations with Other Boards

36. Since its appointment the All India Khadi and Village Industries Board and later the Commission made several attempts at co-ordinating its work with that of the All-India Handloom Board and the Central Silk Board.⁵ As a result of these efforts, these Boards exchange the minutes of their meetings and representatives of each Board are invited to the meetings of one another.⁶ In spite of all these arrangements, there has been no real coordination of work in the field nor mutual understanding of the essentials of policy and approach. Khadi institutions all hold the view that the present pattern of financial assistance granted by the Handloom Board amounts to real discrimination in favour of the handloom weavers of mill yarn and makes it difficult for the Khadi institutions to get weavers for their work in adequate number.⁷

37. We are of the view that there is need for common approach to the entire problem. The facilities available at present to the weavers of mill yarn, who are members of a cooperative society, should be similarly available to the weavers of hand-spun yarn registered with certified Khadi institutions, so that yarn does not accumulate for want of weaving facilities. Improved technical aids extended by the Handloom Board should be available to the weavers of hand-spun yarn so that there can be a progressive improvement in the quality of cloth manufactured. The continued absence of coordination between the Handloom Board and the Khadi Commission will probably frustrate the work of both.

38. There is a similar lack of unity in approach and emphasis between the Central Silk Board and the Khadi Commission. The Central Silk Board, we understand, emphasises rapid technical change in the reeling of silk and has made steady progress in the introduction of improved filatures. The Khadi Commission, on the other hand, in its programme for the development of this industry, seeks to protect the reelers of silk on *charkhas* by assuring them a minimum guaranteed price for the yarn. We have given reasons in Chapter 6 (paras 19 and 20) why it is necessary that reeling and spinning of silk and production of silk Khadi should be unified and the function assigned to Khadi Commission.

Decentralisation of Khadi work

39. The A.I.S.A. had definitely decided that the objects of Khadi could not be realised without decentralisation of Khadi programmes.

5. *Annual Report*, 1953-54, pp. 24, 28 and 1955-56, p. 47.

6. *Ibid.*, p. 24.

7. See Chapter 15, paras 15 and 16.

As pointed out in Chapter 3 the need for decentralisation was reiterated by both the Khera Committee and the Zaman Committee. In commending the recommendations of the latter Committee to the certified institutions, the Commission recognised the need for, and importance of, decentralisation of Khadi work. Earlier in 1952, the A.I.S.A. had organised in South India experiments in decentralised production work. Khadi institutions in all parts of the country are agreed that the possibilities of further expansion of work on the present lines have almost been exhausted. The Tamilnad Sarvodaya Sangh, Tirupur, Bihar Khadi Gramodyog Sangh, Muzaffarpur and Shri Gandhi Ashram, Lucknow, are making, since 1956, experiments for the re-organization of Khadi work on a decentralised basis. In the *gramdan* villages, decentralised production of Khadi is taken to be of basic importance to their development and, as stated later, it has been successfully attempted in the selected villages.

(i) Gramodaya Khadi Sanghs

40. In pursuance of the decision of the trustees of the A.I.S.A. at their conference in November, 1952 and the conference of spinners and consumers of Khadi shortly thereafter,⁸ Gramodaya Khadi Sanghs were organized under the auspices of the (then Akhil Bharat Sarva Seva Sangh, Tamil Nad Branch and now the) Tamilnad Sarvodaya Sangh.

41. Gramodaya Khadi Sangh is an institution at the village level designed for the development of the village through the promotion of "Khadi and village industries, basic education, agricultural improvement, cow protection and breeding the best varieties of cows and bulls, village sanitation, removal of untouchability (and) such other constructive activities and by organizing the boycott of mill goods".⁹ The "systematic eradication of unemployment or under-employment in the village community and adoption of methods of full employment of the village manpower in the general interest of the community"¹⁰ form part of the objectives of this programme. The Gramodaya Khadi Sangh was interested "to foster mutual co-operation, self-sufficiency and self-reliance in the village and assist in the development of the economic, social and moral conditions of the village".¹¹ This programme, it is clear, is all inclusive and makes Khadi an important element in changing the whole village economy.

42. In the three months after the decision was taken, 125 Gramodaya Khadi Sanghs were organized in Tamilnad. By the end of 1956, their number rose to 325, of which 75 were registered under the Societies Registration Act of 1860. The Gramodaya Khadi Sanghs had on their rolls 18,879 spinners, produced 31,59,242 hanks of yarn

8. Report on the working of Gramodaya Khadi Sanghs in Tamilnad, November, 1959 p. 2-3.

9. Gramodaya Sanghs (Constitution and rules) p. 1.

10. *Ibid.*

11. *Ibid.*

equivalent to 7,89,812 sq. yds. and sold Khadi worth Rs. 4,39,505.¹² Many of the Gramodaya Khadi Sanghs, which laid emphasis on production for market instead of production for local sales, closed down, and at the end of the year 1956-57, there were only 284 Gramodaya Khadi Sanghs.

43. During the five-year period, Gramodaya Khadi Sanghs doubled their production of yarn from 12.5 per cent in 1952-53 to 25 per cent of the total yarn production of the Tamilnad Sarvodaya Sangh in 1956-57 and accounted for 14 per cent of the total sales of Khadi.¹³ This expansion took place in the villages where work was organized.¹ Many of them have taken up village industries, such as oil pressing through improved ghanis, processing of cereals, soap, bee-keeping and pottery. Several have also organized grocery shops, from which the village population can obtain essential household goods.

44. By June, 1958, many Gramodaya Sanghs have further improved their economic and financial strength. Many of them have built up their own capital for the conduct of their manifold activities, constructed their own offices and have opened secondary schools in their villages.¹⁴ The quality of work of Gramodaya Sangh necessarily depends upon the calibre of the managerial personnel and their understanding of the purpose of these institutions. According to the Secretary of the Tamilnad Sarvodaya Sangh, the failings in Gramodaya programme were due mainly to the ill-advised emphasis on production of Khadi for sale. "Had the entire organization been geared to consider this programme as the main activity and the routine commercial activities as subsidiary to it, we do not feel that popular sanction would not have been forthcoming for a mass expansion of work extending Khadi to all villages in Tamilnad. The failings are more ours than of the villagers".¹⁵ The Secretary of the Sangh is of the view that the experience of Gramodaya Sanghs indicates the scope for reduction in administrative and other over-heads and in prices of Khadi, though factual data are not available to us in support of this opinion.¹⁶ The trustees of the Tamilnad Sarvodaya Sangh have recently set up special sub-committee to recommend modifications of the rules and regulations in order to raise the level of their performance.

(ii) Gramodyog Samitis

45. A similar effort at decentralisation of Khadi work was made at the end of 1956-57 under the auspices of the Pusa branch of the Bihar Khadi Gramodyog Sangh.¹⁷ The purpose of this experiment is to ascertain how far the development of Khadi and Village industries can

12. Gramodaya Sangh's Report, pp. 3-4.

13. *Ibid*, p.5.

14. *Ibid*, p.5.

15. *Ibid*, p.7.

16. *Ibid*, p.7.

17. Ramshrestha Roy, *Report of the Experiment at Pusa*.

contribute to the socio-economic development of the area concerned. As in the south, development of agriculture, basic education, women's welfare and cultural activities are included in the development programme. The experiment is intended to promote self-sufficiency in the villages in which it has been introduced. So far 32 Gramodyog Samitis covering about 300 villages have been organized and registered, and another 10 similar samitis covering another 100 villages are in the process of registration.¹⁸ According to the reports available, about 75 villages have become self-sufficient in cloth and about 50 villages have become self-sufficient up-to 50 per cent of their needs.¹⁹ Under the auspices of these Samitis, 2 *sarvodaya vidyalayas*, 25 basic schools and 15 training centres in weaving have so far been organised.²⁰ The scheme also provides for the development of village industries in order to achieve self-sufficiency in essential consumer goods, such as rice, wheat, oil, soap, etc.

(iii) Khadi Gramodyog Kendras

46. The Khadi Gramodyog kendras, organized by Shri Gandhi Ashram in U.P., are also an effort at the decentralised development of an area through Khadi and village industries as the starting point.²¹ Each kendra covers an area of 20 to 30 villages. The parent institution in the area provides an organizer, who starts a Samiti in the area when he can get suitable voluntary workers for the purpose. So far 371 Khadi Gramodyog kendras have been organized in U.P.²² The programme of the Gramodyog kendras covers all economic and social activities. While improvement of agriculture is one of its aims, the kendras have organized community effort through Khadi and as many of the village industries as are suitable for the area.²³ The community effort is sought to be promoted through *gram sankalps*²⁴ i.e. the mobilisation of the general will of the community for common needs and ends. In these kendras have also been organized *balwadies*, women's clubs, training classes of various types in addition to voluntary labour for agricultural projects, collection, storage and preparation of organic manures, etc. According to the reports available to us, one-half of the kendras organized so far have been able to meet half of the requirements of cloth of their areas through Khadi production.²⁵

47. The principal source of finance for most of these kendras is the management subsidy of 2 as. per sq. yd. paid by the Commission on *swavalamban* Khadi.²⁶ The parent institution contributes the subsidy

18. *Ibid*, p. 31.

19. *Ibid*, p. 31.

20. *Ibid*, pp. 30-31.

21. Rajaram Sharma, Gramodaya Scheme and its working.

22. *Ibid*, p. 4.

23. *Ibid*, p. 4.

24. *Ibid*, p. 3.

25. *Ibid*, p. 5.

26. *Ibid*, p. 1.

on sales and agency commission.²⁷ Price of Khadi in the kendra is fixed on whole-sale basis and is, therefore, 9.38 per cent less than the retail prices outside.²⁸ Moreover, kendras pay rebate on retail sales in kind rather than in cash, *i.e.* for example, a person buying Rs. 10 worth of Khadi gets Rs. 1-14-0 worth of cloth as rebate at the rate of 3 as. per rupee.²⁹ The reduced prices and the payment of rebate in kind have contributed to the increase of local sales.

Gramdan Areas

48. We made earnest efforts to obtain detailed information on the *gramdans* obtained so far and Khadi and village industries work organised in them. The information available to us on this subject is meagre. We, therefore, cannot attempt any analysis of the work organised so far. In the following paragraphs we summarise available information.

49. So far about 5,500 villages have been received by way of *gramdan* all over the country. About 2,000 of this number are located in the Koraput district of Orissa. Most of the *gramdans* received so far are in areas inhabited by scheduled classes and tribes.

50. The Commission provides assistance for organisation of work in *gramdan* areas through certified institutions or agencies approved by the Sarva Seva Sangh. The assistance given by the Commission consists of funds to meet the salaries of a *gramsayak* and the *karyakarta* at the rate of Rs. 1800 and Rs. 200 per year, the former for five years and the latter for two years. In addition, the Commission provides financial assistance for convening conferences at the village and at the State level of representatives of *gramdan* areas with a view to drawing up plans of work.

27. *Ibid*, p. 2. Sales agents of certified institutions are paid commission on the sales of Khadi made by them. The Sale of commission is shown below. Shri Gandhi Ashram treats Gramodyog kendras as its sales agents and passes to them the commission received from the Khadi Commission.

Sales Rs.	Com- mission Rs.
0—100	—
100—199	10
200—299	15
300—399	20
400—599	25
600—699	22
700—799	19
800—899	16
900—999	13
1000— & above	10

28. *Ibid*, p. 2.

29. *Ibid*, p. 2.

51. Apart from the direct financial assistance to the agencies at the village level the Commission recently (June 1958) undertook the responsibility for training *gramсахayaks* and *karyakartas*. The training course provides, in addition to instruction at the *Vidyalaya* in Khadi & village industries for 15 months, training for 3 months in actual field work. So far, 87 *gramсахayaks* have been trained at the *vidyalayas* and are at present undergoing training in the field. *Karyakartas* are given two months' intensive training in camps specially organized for the purpose. These are organized and run according to the needs of the different areas.

52. According to the information available to us, the plan of work in *gramdan* areas is prepared by the *gramsabha*, and the objective of all work is self-sufficiency of the village in essential consumer goods to the extent feasible. We do not, however, have adequate data to indicate what has actually been done in different parts of the country. Information which forms the basis of the details presented below, was supplied by the representative of the Bihar Bhoodan Samiti.

53. According to the Bhoodan Samiti, Bihar, a village is taken to be a *gramdan* area if at least 50 per cent of the land is donated. In 52 out of the 60 *gramdan* villages, work has been initiated. The Gandhi Smarak Nidhi has provided assistance to the Bhoodan Samiti to meet the salaries of the workers who are paid at the rate of Rs. 60 per month and grants of Rs. 4,000 per area for the purchase of bullocks, construction of a community hall and organization of community services. In *gramdan* areas, special emphasis is laid on improvement of agriculture through organization of model farms, reclamation of land for cultivation, contour bunding and minor irrigation schemes. In about 10 centres, the Bhoodan Samiti has resettled agricultural families, granting each of them Rs. 1,000 to enable them to purchase the necessary agricultural equipment and construct houses of their own. In the reclaimed land amounting to 400 acres, the Samiti proposes to organize model farms. For the purpose of rehabilitation of agricultural families and organisation of model farms Central Government have sanctioned Rs. 30,00,000.

54. The Bhoodan Samiti has organized Khadi and village industries in all the 52 areas through local workers. According to the Samiti, Berain fully meets all the requirements of cloth from local production. The local production of yarn on both the traditional *charkha* and Ambar is woven into cloth by the Bihar Khadi Gramodyog Sangh. Other areas, such as Bagmara, Delhi-patak and Sarokha also meet local requirements of cloth up to 85, 72 and 50 per cent, respectively, from their own production of Khadi. Village industries, such as hand-processing of cereals, *ghanis*, soap have so far been organized in many areas.

55. As in Bihar, in several *gramdan* areas of Tamilnad, Kerala and Andhra work has been organized. In Tamilnad and in Kerala,

green and compost manures have been popularised and, according to the reports available, appreciable increases in production of cereals and pulses have been realised.³⁰ Moreover, emphasis has been given to the improvement of sanitation, women's education and nutrition. Kitchen and fruit gardens have been popularised. Systematic effort has been made to awaken interest of the people in the constructive programme through meetings and lectures.

56. These four experiments in decentralised production of Khadi as a part of the scheme for transforming and developing the rural economy of the areas concerned are of great interest for the development of Khadi programme. The fact that these experiments are being tried without any prompting or special aid from above and are largely based upon local initiative and effort, lends to them very special interest. In all these experiments, besides Khadi production, a number of other activities have been organized; and special attention has been given to the development of agriculture as the very centre of the development programme; and special measures have been taken to organize women and provide for children's welfare. Gramodyog kendras in Uttar Pradesh, as we have stated already, reduced their prices by 9.38 per cent and could, through supply of local cotton and provision of weaving facilities locally, further reduce their prices. The fact that this experiment is being conducted in over a 1,000 villages by three experienced and important institutions in the country is a good augury in itself. We not only commend the work that has already been done, but take it as an expression of a spontaneous impulse towards decentralised, integrated development and khadi as a part thereof. These centres, Intensive Areas and Pilot Projects are, in varying degrees, of interest for the new turn which the khadi programme has to take; and we hope that in the selection of areas in which our proposals are to be implemented in the first instance, these centres will provide special testing ground.

57. In *gramdan* villages, the position should be even better, and in them khadi as a part of an all round effort at development should give even better results. In Bihar villages, to which we made reference, good start seems to have been made. There are compact areas of *gramdan* villages all over the country; and if the extinction of property rights in them implies, as it should, high standard of social awakening and readiness to make changes, the ground for building up new rural economy, including development of Khadi on new lines, should be really very fertile. As we have said, for want of information we are in no position to assess what has been or could be done in these villages. We, however, hope that the experimental centres, which we assume will be established, will find in the *gramdan* villages favourable conditions for a fair trial.

Audit of Accounts

58. Since the appointment of the Commission, four different types of audit have been provided for :

- (1) Every certified institution being a society registered under the Act of 1860, has to submit periodically its audited statement of accounts to the Registrars of these societies. For this purpose most of the large institutions have arrangements to have their accounts audited.
- (2) In pursuance of its responsibility, the Certification Committee audits the accounts of the institutions periodically with a view to ascertaining whether in fact certified institutions have adhered to its rules. These audits have been conducted to verify (i) whether certified institutions paid wages to artisans at rates approved by it; (ii) whether the percentage of establishment charges added by the institutions to the cost of production of cloth has been within the limits prescribed by it, *i.e.* within 20 per cent of the total cost of production; and (iii) whether the price per yard of cloth of specified varieties, cost per seer of yarn, etc., have corresponded to the charts approved by it for the institution concerned.
- (3) Owing to the transfer of the responsibility for the maintenance of accounts from the Accountant General to the Commission, internal audit has become an essential function of the Commission itself. This function is discharged by the Commission through its Directorate of Inspection. The Commission has audit parties attached to every one of its ten Zonal Offices. These auditors are responsible for the audit of accounts of the assisted institutions and for reporting to the Commission whether, in fact, the institutions did or did not utilise its sanction of funds, for the purpose for which they were granted. So far as we are able to ascertain, audit objections raised by internal auditors have been met by the institutions formally or informally. Replies to audit questions and objections raised by Internal Audit parties have generally been satisfactory. Some members of the Commission, however, complained to us that a very large percentage of the objections raised related to trivial matters involving avoidable scrutiny of accounts and waste of time. We were, however, informed that arrangements for internal audit have on the whole been satisfactory.
- (4) According to the Act of Parliament establishing the Khadi and Village Industries Commission, the Comptroller and Auditor-General is expected to carry out the statutory audit of accounts of both the Commission and its certified institutions. This audit is, like all Government audit,

carried out after the end of the financial year and reported to the Commission and Parliament. The Public Accounts Committee on behalf of Parliament reviews the financial position of the Commission and offers its own critical comments on the Auditor General's report. These comments, according to a view expressed before us, indicate lack of appreciation of the spirit and the real needs of Khadi. We consider that this view is worthy of serious consideration, though we ourselves, are in no position to express an opinion on it.

59. It is now generally admitted that the basis of audit of public accounts, specially the accounts of operating economic units, has to be changed to bring it in accord with the purposes and needs of a fast changing and developing economy. Higher audit has, in theory, been in the air for forty years; but it is known that it has not produced any important results in practice. Higher audit now has to mean a lot more than it was taken to mean in the past. Checking of accounts, vouchers, etc., has to be a necessary but secondary function of audit. Assessment of the extent to which the purpose of the programme of planning has been carried out in spirit and in letter, must become its primary function. This point has very special bearing on Khadi in particular and has still to be appreciated and provided for in practice.

Relations of the Union Government and the Commission

60. At the outset it took some time before the procedure for the communication of sanctions on the proposals of the Commission could be placed on a stable basis. The latter (the proposals) were sent all together, but sanctions were communicated in instalments;³¹ and this procedure led to a great deal of uncertainty, confusion and delay. But since 1957, the position has greatly improved. The budget proposals are sent in November on the basis of experience of the implementation of the programme and the estimate of possibilities. Discussion between the Commission and the Government takes place and sanctions are communicated after the demand has been voted sometime in March.³² Revised budget proposals for the current year have to be submitted in November and are based upon actual progress in the implementation of the scheme. In practice, this procedure has been found suitable by the Commission and has not caused any serious

31. In 1954-55, for 22 schemes there were 77 separate sanctions; in 1955-56, for 38 schemes, sanction was conveyed in 181 instalments. In 1956-57, the number of sanctions was 126 for 39 schemes. In the same year, sanction for 10 schemes of Ambar was conveyed in 61 instalments.

32. Statement 61 gives figures of budget proposals, sanctioned amounts, revised estimates and actual disbursements for various years; and it will be seen that the sanctioned amounts are considerably lower than the budget proposals and the revised estimates and the actual disbursements are still lower. This has gone on from year to year, and indicates the need for better budgeting and implementation of the programme. Really speaking, as we have stated elsewhere, the whole programme has to be planned at different stages on a much more adequate basis.

inconvenience. The sanctioned funds, however, are released every quarter, but, according to the information made available to us, sometimes they are not released in time; and the payment of bills, therefore, has had to be held up owing to the delay in the receipt of funds.

61. In a number of cases financial regulations of the Government have been relaxed and even rules under the Act amended³³ to make it possible for the Commission and the institutions to draw and spend money according to the exigencies of Khadi work. This relaxation has eased the situation, but the whole question of financial rules and regulations needs to be fully examined. It seems to be necessary that special rules and regulations should be framed. While adequate safeguards should be provided against money being mis-spent or mis-applied, the regulations should not in any way hamper the implementation of the development programme. It would be desirable to have the whole position examined in the light of actual experience and the suggestions should be made by the Commission for framing rules and regulations, which, in its opinion, would realise this object. If the work expands, is decentralized and placed on local basis, the need for revision of the rules and regulations would be all the greater. Loss or waste of public money has, of course, to be prevented; but the rules have to be adapted to the needs of the decentralized development plans. It would be readily conceded that the rules have to be so framed as to help in the fulfilment of the plans rather than in any way interfere with their implementation. This common sense view, however, has not been given its due importance, and it is necessary that, in the new programme which we have suggested, it should be definitely acted upon.

62. As the centre of interest and operation has to be shifted to local areas, the whole authority and experience of the Central and the State Governments should be used to provide the framework, in which local initiative and local resources can be brought into full play.

Planning Field Work

63. Since the acceptance of the Ambar programme, no annual targets of production are fixed for traditional Khadi. As the Commission and certified institutions considered it difficult to plan for a progressive reduction in the production of traditional Khadi because it was not possible to replace the traditional *charkha* by Ambar or to persuade all spinners to take to the latter, Government agreed to provide funds for the continuance of the traditional Khadi programme and for annual increase in production in the natural course of things.³⁴ For Ambar programme, however, annual targets are prescribed.

33. Rule No. 19(7);26(1), (2), (3) and (4);27(3) and 30(2) and (3) framed under the Khadi and Village Industries Commission Act 1956. (No. 61 of 1956).

34. As pointed out in Chapter 15, it was assumed that traditional Khadi production would increase by 10 per cent, whereas in fact it has been 15.5 per cent. Ambar production is only one-fifth of the total production, which shows that so far Ambar is only an adjunct to traditional Khadi programme, instead of its being the mainstay of Khadi production.

64. To ensure production according to the prescribed targets, the Commission convenes a conference of representatives of institutions, State Boards and other implementing agencies towards the end of each financial year. These conferences are attended also by the Zonal Directors. According to the capacity of each agency measured by its production, experience, resources in personnel and past performance, production quotas are allocated to different agencies after detailed discussions. In practice, actual performance accords generally with the allocated quotas of the large institutions, though in the case of small ones, the assignments are revised and varied, owing, partly, to the requests of different agencies for such revisions and, partly, to the reassessment of the capacity of the agency concerned on the basis of fuller information.

65. Although the Commission assigns production quotas to different agencies, particularly after the introduction of the Ambar programme, neither the Commission nor the implementing agencies appear to have planned their work in the field in accordance with any of the criteria suggested by the Khera Committee. From the information available to us from the institutions and the officers of the Commission, no effort appears to have been made to select areas, in which the implementation of the development programme was likely to yield maximum results in terms of reduction in the volume of unemployment and under-employment. In fact, it appears to us that the Commission has not taken steps to ensure that the implementing agencies progressively extended Khadi work according to the basic considerations prescribed by the Khera Committee—considerations, the validity of which had been accepted by it. The implementing agencies, by and large, have continued to work in the traditional areas and the possibilities of developing work in new areas have neither been explored nor realised. Therefore, the result is, as stated in Chapters 5 and 6, expansion of production has no relation to needs and capabilities of different areas.

66. In conclusion, we may be permitted to express our view that organization has been the most serious handicap in the implementation of the Khadi programme. Serious organizational effort has been made to realise the objectives of Khadi programme, and, in fact, it has contributed to the expansion of production and such of the improvements in quality as have taken place. We do not in the least want to detract from the value of work done and the sincerity of effort behind it. But the conclusion has been borne in upon us that Khadi organization has not been and is not equal to the needs of the programme. The real objectives of Khadi have in practice, in some cases, been lost sight of; and there have been errors in direction and in emphasis in actual implementation. We fully appreciate the contribution which has been made by the Khadi Commission, the State Boards and the institutions; and if we indicate their inadequacy, it is because we evaluate their work according to the standards inherent in the directives which are implicit in the history and underlying purpose

of Khadi and basic objective of the programme itself. Our object in indicating these inadequacies is to point out the need for rethinking and fresh effort. Khadi must fulfil itself in its own interest and in the highest interests of the country.

67. There are three points which, in our opinion, call for further comment :

- (1) Planning of Khadi production and development, being unrelated to needs and potential, has lacked the most essential requisite of planning. The annual targets have been fixed without careful preparation and assessment of needs and possibilities. In that sense, the programme has not been planned at all.
- (2) Neither the Government of India nor the Planning Commission seem to have, at any stage in the development of this work, pointed out this inadequacy or the need for removing it or suggested measures for the purpose. In the case of Khadi, there has been neither planning from above nor planning from below. There has been overlapping of organizational effort; and no attempt seems to have been made to remove the conflicts that have arisen or to take preventive measures against them. Lack of coordination and delimitation of powers and functions to which we have had to refer, have been one of the besetting weaknesses of the whole organization and has hampered actual work. In the Khadi Commission itself, as pointed out by Imrup, there has been lack of devolution of authority, procedural inconsistency and proper lines of communication. As far as we know, adequate action to remove these deficiencies has still to be taken. The size of the Khadi Commission has grown with the expansion of work, but its growth has, in our impression, more than kept pace with its growth and its needs. The Commission on that account is lacking in cohesion and capacity for full concerted action.
- (3) The point, however, which is specially disquieting, is that, in spite of four audits for which provision is made and in spite of the Certification Committee being specially charged with the duty of seeing that Khadi work conforms to its principles and spirit, the programme as a whole and its workers have not in spirit adhered to its essential purposes; and the gap between the premises and performance of the programme has hardly been noticed; and no provision has been made for concurrent assessment from the qualitative standpoint. Regularity in accounting and conformity to canons of financial propriety are necessary; but far more necessary is what we may call "social audit", *i.e.*, evaluation of the programme

as a whole and in parts, in relation to the criteria implicit in the very purpose of the programme. Qualitative assessment or "social audit", of course, involves value judgments and appraisal of certain factors which are not capable of exact measurement; but an organization like the Khadi Commission cannot do without this process of continuous appraisal. This aspect of the matter is relevant to the whole development programme of the country; and the Khadi programme, with other development programmes, suffers from this serious omission. If "social audit" had been provided for, the accumulation of errors and deficiencies, to which we have had to refer, would not have occurred or remedial action would have been taken in time.

CHAPTER 17

OVERALL VIEW

This review of the present position of the Khadi programme may be concluded by giving a short summary of its assessment as a whole. At the end of each Chapter the main points arising out of the evaluation of specific aspects of Khadi have already been stated. It is not necessary to recapitulate them. In this Chapter it is only proposed to draw attention to those aspects of the programme, which relate to the programme as a whole and have significance from the point of view of overall assessment.

2. Since 1953, the significance of the present programme lies in the fact that it has been sponsored, aided and financed by the Government as a part of the planned development of the country. Khadi before independence, through the inspiration of Mahatma Gandhi, was a symbol and an instrument of the nation's effort to bring succour to the poorest sections of the community and a call to the people to dedicate themselves to a higher social purpose, including the struggle for freedom. It had social implications even at the outset, but as the movement developed, its social import gained in importance and became increasingly the most characteristic aspect of the movement. Quantitatively speaking, in terms of production and employment, its results were not impressive; but the atmosphere that it created, approach that it formulated and basic issues that it raised and made part of the public thinking of the country was, from the qualitative standpoint, a contribution of great importance. Its social philosophy was ardently accepted only by those who responded to it with conviction and fervour. Nevertheless, it became a factor of great importance in shaping the mind of our people in economic and social matters, and created a pre-disposition in favour of fundamental social changes. Even those who disagreed with social philosophy of Khadi, felt its impact and developed social awareness, which expressed itself in many ways and forms. Mahatma Gandhi, as stated in Chapter 2, in the last phase of his life, emphasised more and more the importance of Khadi as a portent and an instrument of a new social order, and pointed out the serious limitations of accepting it only as a relief programme. This view was his legacy not only for the ardent believers in Khadi, but also for the country as a whole.

3. Since the appointment of the Khadi and Village Industries Board in 1953 and later of the Khadi and Village Industries Commission in 1957, the Government and Parliament have, by assuming responsibility for initiating, assisting and financing Khadi programme on a much wider basis, made it a part of the whole development programme of the country and an essential constituent of a planned economy in the making. This has led to the expansion of production,

creation of an organization at the Central, State and local levels and resulted in considerable increase in production, sale and employment. In theory, Khadi is now a part of the comprehensive effort of the country to raise the standard of living of the people, provide employment and utilise, as fully as possible, the human resources not utilised otherwise and, owing to the existing limitations, not capable of being utilised on any considerable scale. Khadi, however, in fact has remained, in its conception and implementation, an isolated programme by itself. Its social implications have not been assimilated in the approach of the Government and public mind and in practice; and the contradiction between the Khadi programme and even programmes of decentralized industries, in particular, and the other programmes in general are due to the lack of this assimilation. Mahatma Gandhi's name and legacy has still a great appeal and account for official and non-official support that the Khadi programme has received and is receiving. But the programme as a whole, conceptually and empirically, remains only a fragmentary effort and has on that account developed internal strains and stresses. The fact that a nation-wide organization for Khadi has been built up, its production and sales have greatly increased and continuous thought has been given to the problems that have arisen must be accounted a real gain; but owing to the programme remaining more or less unrelated to the other development programmes, in spite of being taken as a part of the planned development of the country, its results have not only been much below expectation, but it has not developed an impetus of its own or acquired self-sustaining and self-developing qualities.

4. Ambar was introduced as a great advance over traditional *charkha*, and special attention and assistance that it has received, were intended to utilise fully its technical potential and to make it a better instrument for the fulfilment of the social purpose of Khadi, *i.e.*, to raise wages of the artisans, reduce the cost of Khadi and reduce unemployment significantly. These objects have been realised only in a small measure; and Ambar has run into even more serious difficulties than traditional Khadi. This is due to lack of coordination of effort and the programme as a whole really not being inter-woven with the development of the economy as a whole.

5. This really indicates the need for rethinking which, as we have pointed out in several places in our review, is already in progress. From Vinobaji downward all veteran Khadi workers¹ are definitely taking the view that a new turning point in the programme is immediately called for and will be possible only if the essential purpose of Khadi is fully revived, its social philosophy is understood in spirit and not only in letter, new possibilities of adjusting the programme to the wider needs of the community are discovered and new techniques consistent with its essential purpose are utilised. This, in our opinion, is a sound view, and holds in itself the key to the solution of what otherwise appear to be baffling problems. If it is realised that the

1. See appendix 11 for details of the decisions taken by the All India Khadi and Village Industries Board at its meeting in Pusa on June 28 and 29, 1959.

social values for which Khadi stands are not only fully consistent with other social approaches leading to fundamental social changes, but also would greatly contribute to the emergence of a socialist economy, in the generally accepted sense of the term, Khadi could be accepted as a very important ally of all forward-looking social forces. The widely prevalent mis-conception that Khadi stands for some kind of archaic form of society and is not suited to modern needs and conditions is partly due to the limited and somewhat rigid approach of some of the ardent supporters of Khadi, but very largely due to superficial reactions of its critics and opponents. Contradictions in concepts have to be resolved in order to remove existing contradictions in practice referred to above. Assimilation of Khadi, in theory and practice, with the social thought and social policies of the country is essential for its development as an integral part of an all round programme of the Third Five Year Plan.

6. This integration would require new forms of organization, institutions and inter-relations; but, more than these, it would require resurgence of the spirit of our people for the development programme as a whole, including Khadi programme, and intelligent understanding of, and cooperation with, the new concerted effort of the community. Khadi, as most other development efforts, is suffering seriously from social inertia, *i.e.*, incapacity of our people to develop a real social momentum. Resurgence of the people, to which we have referred above, of course implies great social fervour, mass enthusiasm, new leadership and an atmosphere of dedication really of the country as a whole, at least at the highest level. These pre-requisites have always been taken for granted by the Khadi movement; but, in the new context, they have acquired even far greater importance. This process of assimilation also implies mass awakening and intense, creative effort, based upon vivid awareness and a new sense of direction.

7. We do hope that the degree of earnestness with which we are emphasizing this point, would not be misunderstood or mis-interpreted. We have been examining the present position in concrete terms, and our proposals in Part II are conceived to produce concrete results. We, however, have laid so much stress on these basic considerations because they have in fact, as stated by us, in some very crucial respects been lost sight of; and without them, Khadi programme particularly and development programme, as a whole, cannot be steered, out of the serious difficulties of today. We have stated that the present position of Khadi is unsatisfactory, and unless it is taken out of its present rut, it cannot make a material contribution to the task of building up the new economy, which of course means that it cannot fulfil itself. This fact accounts for all the emphasis that we have placed on this fundamental point. It is our task now to spell it out in more specific terms, and Part II is intended to serve that purpose.

PART II

THE PROPOSALS

CHAPTER 18

BASIC APPROACH

In the review of the existing position, we have already duly stressed the importance of social objectives of the Khadi development programme. Reduction of rural unemployment and under-employment, the primary importance of which has been the underlying assumption of Khadi work ever since it was started, must, of course, remain a paramount consideration. Rural unemployment and under-employment, by general consent, is problem No. 1 of the Indian economy. This problem is likely to assume even greater dimensions and urgency, owing to the accelerated rate of the growth of population, which is now taking place, and is likely to continue for at least a decade or two. This problem, however, cannot be solved merely by introducing hand-spinning and hand-weaving in the villages. As set forth in Part I, the contribution that Khadi programme has been able to make to the reduction of unemployment and under-employment in the villages, has been only of marginal significance. It has afforded some relief, but not primarily to the classes which need it most. Taken as a whole, it has not made a significant impression on the magnitude or intensity of the problem. Moreover, the Khadi development programme has so far hardly any relation to the development programme as a whole. It has been carried out in small islands of isolated endeavour and the work has neither been planned nor executed in relation to the incidence of rural unemployment, needs of the people or availability of other resources, including local initiative and enterprise. The organisers of this programme have, therefore, been seriously handicapped by the fact that they have neither established close contacts with the artisans for whom they have been working, nor created among them social awareness of the implications of the programme. This is, however, as much due to the conditions under which they have had to work, as to the failings of the individual and the organization. In an economy, which is essentially inexpansive and in which Khadi is of no concern to the people and the development administration such as it exists in the villages, the Khadi organizer has been seriously handicapped in the performance of his task. The limitations of the individual are there, but even if he could rise to a higher level of effort and had a better understanding of the real inwardness of his work, he could not, with the existing handicaps, contribute materially to the fulfilment of the essential purpose of the Khadi programme.

2. The first premise, therefore, on which the Khadi development programme has to be reorganized, has, as a matter of necessity, to be that it should be an integral part of the development of the rural economy, in which the productivity potential of agriculture, industry

and trade is raised to a high level and the community effort plays a more crucial part in the development and working of the economy; and the people, particularly the sections which are economically and socially depressed and submerged, play an effective role. This can be done if the latent reserves of initiative and ability of the people are tapped and social impetus is created and sustained from within. This economy must become, within a short time, not only viable and self-sustaining, but also create its own surplus for development within the framework of the cooperative economy in the villages, based upon equality and freedom which, all are agreed, has to be the basis and the goal of the development effort in the country.

3. Much higher level of productivity and production, the need for which is implicit in the new rural economy foreshadowed in the preceding paragraph, necessarily involves the adoption of a dynamic technique in all spheres of economic activity in the villages, *i.e.*, in agriculture, village and small industries and in carrying out services, like soil conservation, afforestation and development of other local resources. The prevailing misconception on this point needs to be fully cleared. Khadi work was never intended to be based upon static technique. Khadi was really an affirmation of the view that technique must serve social purposes and not involve disregard or sacrifice of the essential human values. Adoption of the highest available technique, within the ambit of the social ends of the new rural economy, has to be the primary condition of its development and growth. Among the social ends, full utilization of the available human resources is obviously of cardinal importance. The technique has not only to be the very best that can be incorporated in the new rural economy, but also provision has to be made for continuous improvement in technique. Further knowledge, research and actual experience of the working of the economy would indicate improvements and innovations, which would make the technique a continuously developing process and set no limit to the extent to which the economy in its working could rise to a high level of technical performance. This consideration applies as much to the production of Khadi as to the other economic activities. The full utilization of human resources, according to the original social concept of Khadi, has to be achieved in a decentralized cooperative economy, in which the people are the makers of their own future and imbibe the spirit needed for developing socially conscious and creative community. Higher and rising level of technique has, therefore, to be an essential part of the Khadi development programme as an integral part of the development of the rural economy as a whole. Not only there is no contradiction between the production of Khadi and the utilization of modern technique, but the latter, so long as it serves the interest of the community without creating any social strains and stresses, has to be the primary condition of the success of the development programme. In atomic age, technique, specially designed and adapted to the needs of a decentralized cooperative economy, has become not only far more practicable than before, but combined with the new social purpose, technique can become a means of raising the level of productivity. The whole social *milieu* of the village can be

changed and the latter can be brought in the main-stream of modern life. We, therefore, not only do not see any contradiction between the Khadi work and modern technique, but consider the latter as a very important means for changing the whole content of life in the villages and creating new, limitless possibilities. Ambar, as stated already, was introduced on the clear assumption that improvement in technique was an essential condition of the success of Khadi from the technical and social standpoint. Improvements have already taken place in Ambar as an apparatus of spinning since its introduction. Ambar, however, is only a beginning of the utilization of the new technique in the village textile industry. Already the improvements, which are in sight, point to the possibility of a higher level of production and output. Further research and experience will, it can be safely assumed, bring new vistas of technical performance within reach, and spinning and weaving in rural areas would attain a high level of productivity, through which the producer would rise to a higher level of earning and standard of living.

4. At present, as stated earlier, earnings of the spinners and weavers, particularly of the spinners, are exceedingly low and, in real terms, they have been definitely depressed, owing to the rise in the cost of living caused by inflationary rise of prices. It is necessary not only to raise their level of wages in real terms to the pre-war level, but also add substantially to them to enable the artisans to attain the social minimum. This minimum has to be revised continuously in order to attain the goal of enabling the people in the villages to earn a living wage. Social minimum has, therefore, to be flexible and reviewed continuously to keep pace with the growth of production. This minimum at the outset will have to be much lower than the social optimum, owing to the low level of production from which we must necessarily start. A continuous rise in the standard of living of the producers has, however, to be consciously and purposefully aimed at. Khadi has, since 1938, accepted the realization of the minimum as an essential part of its programme; and though, in fact, the practice has fallen deplorably short of this social aim, it is necessary to regard its realization as a social imperative—an obligation, which, in the present context, simply cannot be evaded. It has been pointed out already that the Khadi development programme, at present, provides no scope for significant rise in real wages; and that is one of the most conclusive reasons why the whole programme needs to be reorganized. The necessity for integrating the Khadi development programme with the development programme as a whole, arises because Khadi, by itself, cannot realise this objective. Hand-spinning would for a long time remain an auxiliary or supplementary occupation. Earnings of the spinner alone cannot be raised to the level needed for realizing the social minimum for the family. His main occupation must itself, largely contribute to the desired increase of his earnings; but hand-spinning has to be a contributory factor in the increase of the spinner's income. Moreover, the purchasing power of the rural community as a whole has to be greatly expanded in order to find local market for cloth produced in rural areas. The present tendency, as pointed out

already, of increasing dependence on urban markets for the sale of Khadi has to be reversed, and, mainly though not entirely, local markets for the sale of Khadi have to be developed. This can be done only if there is an all round increase in production and consequent expansion of purchasing power and a general rise in the standard of living in the rural areas. At present, the income derived from hand-spinning is a very small proportion of extremely low total income; and the sections of the rural community, who suffer most from unemployment and dire want, hardly are benefited by the Khadi development programme. This unsatisfactory state of things can be changed for the better, only if increasing production and, therefore, rise in earnings, particularly of the submerged classes, is consciously aimed at. In other words, all development efforts have to be directed to the realization of a socially acceptable standard of living. This effort has to be made primarily in the interest of the poorest sections of the community, though an all round rise in the standard of living of the people has to be striven for. Rise in the standard of technical efficiency, referred to above, is necessary for the purpose, but improvement in organization and increase in social momentum have largely to contribute to the realization of this aim. Life has to be made worth living in the villages, otherwise an atmosphere of frustration, which at present hangs like a pall over the rural areas, cannot be dissipated. This aspect of the matter has to be stressed, because of the appalling conditions at present existing in the villages. It is hoped that this emphasis would not be taken exception to on the ground that it is materialistic in its intent and implies indiscriminate multiplication of wants. This is not so. This point has hardly any bearing on the facts of life and the needs of the people in the villages at present. Without a radical improvement in the living conditions of the people in rural areas, which are known to be abysmally low, no development programme can be considered worthwhile or can inspire confidence or enthusiasm. We are aware that, absolutely speaking, the nation has to be prepared for austerity in order to find resources for large scale investment for adequate development. This austerity cannot and should not begin with the classes whom we have in mind. When the austerity becomes a general rule and is practised at all levels, the lowest classes also can be asked to participate in it; but that can be done only after the present level of abject poverty at the lowest level has been considerably alleviated. A rise in the standard of living of the producers of Khadi in rural areas can and should be adopted as a perfectly worthy goal of social policy without any serious disagreement of opinion. The level of earnings, therefore, if validity of this view is accepted, would become the most important criterion of the worthwhileness of every development programme. It is necessary to be realistic and not take the realization of the optimum standard of living as an attainable objective in the immediate future; but the entire productive effort, including the effort needed for expansion of the Khadi production, has to be directed to a really significant improvement in living conditions of the people in the villages. A considerable rise in the level of wages, therefore, has to be one of the primary objects of the Khadi development programme.

5. The fact that improvement in technical efficiency and a rise in the standard of living are, from our point of view, regarded as essential for the success of the Khadi development programme, does not, however, imply that we do not attach due importance to the quality of life of the people and its prime movers. We, as a matter of fact, consider that social content of the development programme is of fundamental importance; and social content includes quality and meaning of social relations and the quality of the individuals of which the community is composed. The growth of community sense, the habit of living together in amity and with goodwill, and, of course, the capacity for concerted cooperative effort, all imply transformation of the community with clear understanding of the normative aspects of the life of the new rural economy. Social momentum, referred to above, can be generated only through deep stirrings in the minds and spirit of the people. They have to participate in the process of real awakening from within and rise to a high level of sustained effort with an understanding of its social significance. This, it is clear to us, means a fundamental change in the quality and meaning of the life of the people, in which their deepest urges will express themselves and enable them to reach new social goals. It follows that the persons, who are on the forefront of concerted social effort, have to live up to the new social norms and create an atmosphere of high endeavour and social earnestness.

6. If the future of Khadi development programme is to be linked with and become an integral part of the entire rural development programme, conceptual approach to the latter would necessarily condition the former. The need for reorganisation of the rural economy at the basic level with a view to utilising fully the total resources of the village, of which the human resources, of course, are the most important constituent, for attaining a certain social minimum for all, is widely recognised and is likely to form the basis of the development plans of the economy as a whole in the near future. This view is the greatest common factor in the current trends of opinion on the subject. It is a working hypothesis of the various programmes of integrated development, which have been projected at present and are being implemented with varying degrees of success. In the pilot projects of the Community Development Administration, in the Intensive Areas of the Khadi Commission, in the new village institutions set up in Madras, U.P. and Bihar by the various Khadi institutions and in plans for development of selected *gramdan* villages, an attempt, mostly of an incipient character, which has already been referred to, is being made to give the concept of integrated development of the whole rural economy a concrete form. The proposals for setting up a cooperative framework of village service societies, credit societies, marketing societies and industrial cooperatives, which are already receiving very serious attention, make the concept more specific and all inclusive. It may be expected that evolution of these ideas will be rapid and is not likely to give rise to any real conflict of policies and approaches. Apart from the proposal for developing cooperative farming, in regard to

which there does exist a real difference of opinion, all are agreed that a cooperative framework for an integrated development of the rural economy is urgently needed and all efforts have to be directed towards making it a working proposition. It is necessary that ideas on the subject should be further clarified and concretized, and the largest measure of agreement be, in fact, achieved. Its implications need to be clearly stated and acted upto. For our purpose, we posit that the Khadi development programme would become an important element in the whole integrated development programme and acquire a wider and deeper significance on that account.

7. This would, in practice, mean that a budget of needs and resources would be prepared for every village, group of villages, area, region etc. in an ascending order; and the whole structure would have, as its base, an all round planned development of the village, and initiative, consent and concerted effort of the people, with such guidance as can be provided from above and is acceptable to the people. For operative purposes, a group of, say, 50 villages with a population roughly of 20,000 to 25,000 could probably be taken as a working unit for its all round development for specific purposes, like intensification of agriculture, credit, marketing and industrial cooperative units. Their area of operation would neither be the same nor coterminous; and in each case, the area of unit would have to be specifically de-limited in relation to its own needs and the conditions as a whole. The essential point, however, is that these units, as integral parts of the whole framework, would be planning and acting in concert, and would constitute a single working entity for the diversified development of this area and its constituent parts, *i.e.*, each of the 50 villages referred to above. The core of this development programme would, of course, be the development of agriculture, which is and will remain the mainstay of the economy as a whole. Its greatly accelerated development and consequential increase in agricultural production has to be of pivotal importance. In order to utilise fully the available manpower, intensification of agriculture, construction of minor irrigation works, conservation of soil, local afforestation, provision of social amenities and services, particularly rehousing of the rural population and the functional activities of various kinds would have to be planned and brought into a working order; and their entire impact and inter-relation will have to be assessed and provided for in concrete terms. The local resources would need to be developed to the utmost, but would also have to be supplemented by such aids and assistance as the country can place at their disposal in order to give them a good start. Khadi development programme, as a part of the programme of full employment and prosperity for all, would find its due place in this comprehensive plan and effort. If this can be achieved perfectly, it would really amount to the fulfilment of the concept, which has been implicit in Khadi all these years. It would not only provide for it (Khadi) a proper habitat, but also its sustenance and strength. Khadi was not and should not be merely an instrumental value. The spinning instrument, which is used and the way it is operated, are of importance in a particular

context, but not its essence. It is, essentially speaking, a social value, and the line of advance indicated above would not only keep it fully intact, but enlarge its scope and make it an all-embracing factor of the rural economy. It is our view that if this consummation can be brought about, it would really amount to fulfilment of the dream of Mahatma Gandhi and all noble spirits, who, through his inspiration, have worked for Khadi under enormous difficulties.

8. Khadi, in this context, would not only be an integral part of the rural development programme, but of the whole national development programme, for rural development is, of course, the master-key to the future of the country. It would on that account be necessary to articulate all plans of development, *i.e.*, development of industries, transport, trade, credit and banking etc., with the rural development programme indicated in the preceding paragraph. The very limited view, which is widely prevalent, that Khadi is merely a matter of relief and only of vestigial value and would soon pass away, shows lack of understanding of its cardinal importance. It may be repeated that the form of Khadi is only incidental and its substance of fundamental importance; and if this point is clearly understood, the limited view referred to above, would have to be countered by a clear enunciation of social policy and its objectives. As stated above, Khadi would thus not only acquire a sound basis for its development if it is integrated in the way as it should be, but its spirit would permeate the whole development programme in the country. Contradictions between the rural development programme, as outlined above, and the entire scheme of development would have to be provided and guarded against. From this point of view Khadi, would become all pervasive and, really speaking, incarnated in the new national economy.

9. The conceptual approach and the consequential framework, briefly described here, it need not be stated in so many words, would be of practical importance, only if the development programme of the next plan period is animated by, and is an expression of, a new spirit in the country, particularly in the villages. Though a new social context is needed for the development of Khadi as an essential element of the new rural economy, its content is of greater importance and would depend upon creation of a widely-shared sense of mission among the people. How this is to be done is obviously the problem of all problems in this country; but without solving it, Khadi development programme, as all development programmes, would be an empty shell, without any power to raise the people to the desired level of economic and social well-being. As this consideration applies to the whole task which we have to undertake and fulfil, it is not necessary to elaborate it at any length. It is now widely realised and admitted that the greatest handicap that the country is suffering from today is the lack of a sense of purpose and the willingness to fulfil it with determination and drive. This deficiency has to be removed if the nation has to go ahead in the right direction and with the tempo which the situation urgently calls for.

CHAPTER 19

INSTITUTIONAL FRAMEWORK

The present organization through which the Khadi development programme is being carried out, as stated already, has taken its present form through a series of improvisations, called for by the course of development, its various phases and the need for adjustment to local conditions and circumstances. In any organizational change, that may be needed, flexibility would remain a very important consideration; and it would also be essential to provide for growth from within of the various organizational units. As Khadi development has to be integrated with the entire rural development programme, change in organization would have to be conceived and introduced with an understanding of the new pattern of functional units, their inter-relations and the pattern of framework in which the new institutional devices would have to function and rise to a level of effective performance. We, however, can only give an idea of the arrangements that, in our opinion, would meet the needs of the situation if Khadi is to participate in an all round process of economic development and unfoldment of social possibilities in rural areas. We cannot elaborate what the latter (the patterns of framework) should be, and have to confine ourselves to giving a general idea of the arrangements that, in our opinion, would meet the needs of the situation. It has to be assumed that corresponding and parallel changes would take place at all levels and the whole pattern of development be informed by a sense of unity of social purpose and progressively express a true concert in conception, planning and execution. It will also have to be assumed that this pattern of development, as it evolves, would release and bring into play new forces of great potency and creative intent for changing the face of the rural areas in particular and the country in general.

2. The new organization, from the point of view of Khadi programme, would have to provide for :

- (a) a very considerable expansion in the production of Khadi;
- (b) main reliance on Ambar with all the improvements that can be immediately or in the near future introduced for implementing production programme;
- (c) planned production corresponding to desired pattern of local demand;
- (d) regulated movement of Khadi cloth within each State and between the States; and
- (e) lastly, a rising level of technical efficiency, output per man-hour and, consequently, decreasing costs and prices and improvement in quality.

The Khadi programme would be a part of a comprehensive production programme based upon careful assessment of productive resources and needs of the community with a view to full utilization of all resources (which, of course, means approximating to a state of full employment as early as possible) and a rising standard of living provided for in terms of a scale of social priorities and wants of the consumers.

3. This organization, it need not be stated, cannot be introduced in its full-fledged form at the very outset. It would take time before it can begin to function fully; and transitional steps would have to be planned in order that new developments may not cause any dislocation or give rise to any bottlenecks. The development of this programme has eventually to be fitted into the entire new framework of the development programme. This would necessarily involve that the realization of the purpose of the programme would very largely depend upon the degree to which the whole programme of production and social change can in practice be realized.

4. A schematic picture of this organization has first to be presented in order that the proposed institutional set up at different levels may be explained, means of inter-communication indicated and the process through which it (the organization) can be steered and provision made against the emergence of any internal stresses be described. The schematic presentation, though, in our view, coherent and self-consistent, is not intended to provide a rigid pattern of unfoldment and growth and has, we repeat, to posit the need for continuous adjustment suited to conditions and circumstances. This is the basic premise of our proposals and has to be clearly understood and borne in mind in overall assessment of our proposals. With this explicit statement in the very beginning of our views on organizational changes, it should not be necessary to reiterate this point in the course of their further elaboration. Decentralization of production being the first and the foremost object of the proposed changes, it is necessary to begin with the description of the changes at the basic level.

Basic Units

5. In our view it would be desirable to constitute a unit for four or five villages, roughly with a population of 2,500 persons or 500 families. In this area, decentralised autonomous production unit should be established in which :

- (a) 100 Ambars should be distributed among carefully selected families; and
- (b) a service unit, with a competent mechanic and, probably, one or two local carpenters and a well-trained organizer (*karyakarta*) should be provided; and certain technical aids, like new carding machines, referred to elsewhere, should be made available for the basic unit.

These units should, in the first place, be established in centres where they can be most usefully developed, taking into account the existing facilities, the needs of the people and their level of social consciousness. The most undeveloped parts of each State should be surveyed with a view to ascertaining how far conditions there permit formation and development of these units. In other words, concentration of production, which is now the rule, should be purposely corrected; and the balance redressed in favour of the areas which have so far not received their due attention. Even in the areas of concentration, production meets at present only a fraction of local potential demand and further expansion of production is not only possible, but necessary, if it becomes a part of a programme of integrated development; but in the areas where Khadi work is practically non-existent and the need is the greatest, expansion of production on a planned basis should be initiated and its full possibilities realized with necessary care and speed. Basic units should cater to the needs of the most necessitous families, preferably belonging to the poor peasants and the landless classes, where full time utilization of Ambar can be reasonably assured and earnings of the family raised to the social minimum. Full utilization should mean that Ambar should be plied for 6 to 8 hours, and the family produce 6 to 8 hanks of good quality yarn, and taking the working period to be 200 days in the year, the total output of 1,200 to 1,600 hanks per year may well be expected.¹ For the weaving of this yarn, nearly 25 weavers would be needed; and they should be a part of the full complement of the personnel of the basic units. If this programme is carried out, 30,000 to 40,000 yards of Khadi would be produced locally, *i.e.* at the rate of 12 to 16 yards *per capita* of population. This production would probably have to be supplemented by certain varieties of hand-woven cloth from mill-yarn and mill-cloth to meet the demand for cloth of the local market. Each basic unit, in co-operation with other basic units, would plan its production and supply of cloth of all varieties for the village and the area, referred to a little later.

Level of Wages

6. For the spinners and weavers at the rates at which they are being paid now, *i.e.* 2 annas per hank to the spinner and 6 annas per yard to the weaver, the earnings would amount to Rs. 150 and Rs. 450 per year for spinner's and weaver's family, respectively, for the annual production of 1,20,000 hanks of yarn or 30 thousand yards of cloth. Earnings would increase by 33%, *i.e.* the spinner would earn Rs. 200 a year and the weaver Rs. 600, if output per spinner's family can be raised to 1,600 hanks per year, *i.e.* 1,60,000 hanks of yarn and 40,000 yards of cloth for the area covered by each basic unit. The present earnings, as stated before, for Ambar spinner amount to Rs. 53 per year and for the weaver Rs. 276. The earnings, referred

1. These estimates are, however, very conservative, and the assumption made in Chapter 23 on "Cost Structure" that Ambar would be plied for 300 days and output raised in stages from 8 to 14 hanks, is more in keeping with the facts of the case.

to above, would, it is obvious, mean a great improvement upon the existing position; and if the technical efficiency and output are continuously raised as they should be, further increase in output and, therefore, earnings would naturally take place. The benefit of higher efficiency and lower cost should, as a rule, be shared between the producer and the consumer, and partly take the form of reduced prices. At the present level of output, however, we are of the opinion that the present rates of wages should be continued; and the benefits of larger production should accrue to the spinners and the weavers, *i.e.* their earnings should rise to the levels referred to above. At the later stages, however, the consumer would share the benefit of the higher output and Khadi would possibly be made available to him at lower prices. It has to be added that this level of production and sales can be attained and maintained, only if there is a corresponding expansion of local purchasing power through an all round programme of development and production.

7. The basic unit of Khadi will, at the beginning, be a decentralized, autonomous society, registered under the Act of 1860; but our view is that this autonomous unit should, as early as possible, be converted into a composite cooperative, consisting of spinners, weavers, mechanics and the organizers, and become a part of the complex of the agricultural, the credit, the marketing and the industrial cooperatives at the basic level in the rural areas. This development has to be seriously considered and deliberately provided for. The basic unit for Khadi production and sales should, in our opinion, from the very start be formed on the assumption that it would be one of many cooperatives functioning at the basic level for an all round development of the area covered by the basic units.

8. We may now briefly state specifically the functions of the basic unit. They would be :

- (i) stocking and distribution of cotton to the spinners;
- (ii) collection and purchase of yarn at periodic intervals;
- (iii) provision of technical guidance, servicing, spare parts and other follow-up activities, particularly quality control of yarn to ensure that production of yarn accords with the quality of cotton supplies, and the latter is utilised to the best advantage;
- (iv) production and marketing of cloth in accordance with local demand as far as possible and planned exports, if any;
- (v) stocking of adequate quantity of spare parts for manufacture of Ambars as well as their maintenance; and
- (vi) consultation and collaboration with the other basic units for an all round planned development.

9. These basic units being the most important instruments for operating the new programme would have to be constituted with the utmost care and brought to the desired level of efficiency and, in

their initial stages, nourished with real solicitude for their future. The only object of assistance and guidance, which can be given from above, should be to enable these units not only to become self-sustaining and efficient, but also autonomous and fully conscious of their responsibilities and opportunities.

Constituent Units

10. The Basic Units would function as operative units at the village level. They will be responsible for organizing spinning of yarn, weaving of cloth, distribution and maintenance of Ambars. They, however, would not cover an area large enough in which planning for all round development can be undertaken. For this purpose, larger areas would be needed, for which plans for agriculture, minor irrigation works, soil conservation and village industries, including textile industry, can be formulated and implemented. The size of this area would vary according to the local conditions and circumstances; but probably, one area would cover 10 Basic Units, *i.e.* a population of 25,000 persons or 5,000 families as a general rule, could be taken as an area for which effective planning for all round rural development can be undertaken on a coordinated basis. For Khadi production this unit will be a small federation of 10 Basic Units and perform functions of its own. This unit would naturally be affiliated with the Union of the area as a whole, which would function as a federal body for units in different spheres of activities and, for certain purposes, it would itself be an operating unit. It would plan for production, distribution and sale of all commodities of local production and for functions like soil conservation or minor irrigation works, it would not only coordinate its activities, but also initiate. The Union of composite Basic Units for spinning and weaving would be a part of this organization for the whole area and would play its part in increasing production, income, employment, contributing to the establishment of and adherence to the new social norms.

11. As an intermediate body between the basic units and the apex organization at the top, it (the union referred to above) would have functions of its own which would help in the implementation of the Khadi development programme as a whole. These functions would be :

- (i) implementation of the plan for the cultivation of the varieties of cotton for hand-spinning suited to local conditions;
- (ii) price fixation of all varieties of cloth for sale in local markets within the framework of the price structure of the country as a whole and making arrangements for sales either through licensed local merchants or its own sales stores and later through marketing cooperatives;
- (iii) administration and distribution of financial assistance by the State;

- (iv) audit of accounts and supervision of the working of the Basic Units to ensure that proper cost accounting is maintained and social aspects of the programme get their due attention;
- (v) price regulation;
- (vi) planning, control and regulation of inter-unit movement of commodities and import-export of goods into and from the area;
- (vii) provision of facilities for processing and dyeing, printing and introduction of new designs; and
- (viii) participation in planning, formulation and implementation of the programme for the whole area in cooperation with the other unions at the same level and the Planning and Development Board of the Area, to which all functional Unions or units will be affiliated and which, as stated above, would assume responsibility for all round planning and development for the area as a whole.

12. The Area Union, which we call the Constituent Unit because it will be a constituent of the State Federation referred to below, would, in the beginning, be a federal organization of the decentralized, autonomous Basic Units; but later, as the latter (the autonomous basic units) are replaced by the composite cooperatives, it would become a federation of the basic cooperatives and would itself function as a cooperative society.

13. As a registered society at the beginning, the members of the Constituent Unit would form themselves into a registered society which, when it is replaced by a cooperative society, be composed of members elected by the basic cooperatives and be responsible to the latter and work under the guidance and supervision of State Federation, the State Board and the Khadi Commission. This institution would, in our opinion, occupy a key position in the working of the organization and the success of the programme, in no small measure, would depend upon the level of efficiency and responsibility at which it functions. As a service and supervisory authority, it will have to win and retain the confidence of the basic units and acquire the *modus operandi* of working as an integral part of the area development organization as a whole.

State Federations

14. The Constituent Units would, as stated above, form a Federation at the State level, at first a federation of the decentralised autonomous units and later federation of the cooperatives. The large institutions, which, it is assumed, would decentralise themselves into constituent and basic units, would function as a State Federation and use their resources, experience and talent for organising autonomous, decentralised units and, in due course, the composite, basic cooperatives and the constituent unions.

15. These institutions have played an important and creditable part in developing the Khadi programme. The time is now ripe that there should be a devolution of functions and powers; and the tried and tested workers of these institutions should devote themselves to develop a successor organization with the cooperation and active participation of the artisans in particular and the people in general. This process, which has already commenced, has to be consciously accelerated and completed within as short a time as possible. Gains of the past have to be conserved, but the institutions already realise the need for a self-denying ordinance, through which they will divest themselves of all operative functions and assume the responsibility for a truly pluralistic organization for the development of Khadi which we have briefly outlined above.

16. The State Federation will also, besides providing general supervision and guidance, have specific functions of its own. These would be :

- (i) planning of cultivation of suitable varieties of cotton in the State as a whole, and selection and allocation of responsibilities for production to different areas;
- (ii) purchase, storage and distribution of cotton for the State as a whole;
- (iii) purchase, storage, seasoning, processing and distribution of timber for the manufacture of Ambars for the whole State;
- (iv) allocation of responsibilities for production of metal spare parts to different certified workshops, industrial estates, etc., and supervision and inspection of their manufacture according to specifications;
- (v) supervision of production of yarn and cloth, implementation of quality control measures, fixation and regulation of prices of different varieties of cloth for the State as a whole, in consultation with the planning authorities of the State and as a part of the general price structure of the country on an approved basis;
- (vi) provision of technical facilities for improvement of the quality of cloth and for processing functions assigned to the constituent units;
- (vii) scrutiny of application for financial assistance from the areas and recommendation to the State Board for direct allocation of funds to the constituent units for distribution among the Basic Units;
- (viii) planning of the Khadi development programme for the State as a whole, with proper regard for the national directives and the need for realizing the essential social objectives of Khadi; and

- (ix) consolidation of the plans of the Constituent Units and participation in the process of formulation and implementation of the State development plan as a whole.

17. The State Federation would, like the Constituent Unit, consist of representative institutions. Its members would be elected by the Constituent Units and have an elected executive committee for the discharge of its duties. It will, of course, have its own staff, technical advisers and inspectors and as a representative institution would draw its strength from the Constituent Units and, in its turn, greatly add to their strength. It may be assumed that there would be at the State level other functional federations for agriculture, marketing, credit and other village industries and represent cooperative organization and effort in the various fields. All these Federations being apex institutions of the hierarchy of various units, would have to be linked up with one another, plan and act in unison. Although the need for an institution to which all these federations will be affiliated and through which they will function on a unified basis can be predicated, it is not necessary to specify its composition, constitution and functions. The need for this institution would arise after the whole cooperative network has been built up and brought into a working order.

18. We also expect that the State Federation would have income of its own derived from :

- (a) sales of cotton, timber, spare parts, etc.;
- (b) membership fees paid by the area unit; and
- (c) their contributions apportioned among them on some well-defined basis.

State Boards

19. In most States, State Khadi and Village Industries Boards have been constituted. It is our opinion that they should be constituted in the rest of the States also in which they are not in existence. Departmental production and sale of Khadi or by the agencies constituted by the State Government should be discontinued. This has already introduced certain complications in the working of the programme; and it is neither desirable nor necessary that this state of things should continue. The State Boards, however, have a role of their own to play in the formulation and implementation of plans and the development of Khadi programme in general; and we definitely envisage that the reconstituted State Boards would be assigned a place of their own in the new organisation and fill it, we hope, with competence and distinction. The State Boards, in our opinion, should be assigned the following functions :

- (i) preparation of plans for Khadi and village industries in active consultation with the State Federations, as an integral part of the development plan for the State as a whole;

- (ii) provision of technical research facilities to assess and assist innovations of the artisans in different parts of the State; and transmission of the innovations which, after primary tests, appear promising, to the all India research institutions for final appraisal;
- (iii) conduct of pilot experiments either in organisation of production or working of improved techniques;
- (iv) preparation of a plan in cooperation with the State department of agriculture for the cultivation of varieties of cotton suited to hand-spinning in the experimental and demonstration farms of the State;
- (v) planning of training schemes of organizers, technicians, inspectors and others on the lines laid down on an all India basis, planning of budget in regard to the requirements of personnel required for different purposes, selection of trainees, supervision of the training programme (which will be implemented by the Federation);
- (vi) negotiations with the Reserve Bank, the State Bank, co-operative institutions and other financing institutions for obtaining loans on short and long-term basis for working capital and investment;
- (vii) organization of economic research and collection and compilation of statistical material required for continuous evaluation of the working of price policy and general review of the Khadi development programme in action; and
- (viii) contact and consultation with the different development departments, and anticipation and prevention of anomalies in the general approach and execution of the different economic policies of the State in its different aspects.

20. From the functions specified above, it would be fairly clear that the State Boards would be of real use and importance in planning and execution of Khadi development programme. It would, as stated above, draw up a scheme of allocation of funds available for financial assistance in consultation with the State Federation and distribute them among the constituent and basic units. At present, there are known to be contradictions and internal inconsistencies in the formulation and execution of economic policies and development programmes of the States. The Khadi development programme has been adversely affected specially by these shortcomings. The State Boards would not only work for removal of anomalies, but also, as already stated, anticipate and prevent them.

21. The State Boards would have their own staff for the performance of the functions described above; and the funds for the purpose would be placed at their disposal by the State Governments. In their composition, however, it would be desirable for them to be constituted

on a semi-representative basis, through which there will be interflow of ideas, views and experience between the representative institutions referred to above and the whole development apparatus of the State. The State Board should be composed of 5 to 11 members, according to the size and the population of the State, 5 for the States like Assam, Orissa, 7 for Punjab and Rajasthan, 9 for Madras, Andhra, West Bengal and Bihar, and 11 for States of Uttar Pradesh and Bombay. In each case, majority of the members should be elected by the State Federations and the rest nominated by the State Government in consultation with the Federation. The Chairman of the Board should be an elected member and free from any political bias as far as possible. It is very necessary to keep the whole development programme free from partisan views and trends as the State Boards would be needed for carrying out the Khadi programme. They, however, should not compete with, but complement the working of the other units and contribute to the harmonious and healthy working of the organization as a whole.

The Khadi Commission

22. The working of the various institutions at the Basic, the Area and the State level would need in future, as it does now, an institution which can take an all-India view of measures, policies and programmes, and correlate it with the national programme of development and social transformation, and is in a position to negotiate with the policy-makers at the highest level. The Commission has built up the present organization and carried out the development programme on a national scale, and in its working, all measures that it has taken, have been based upon national policies and programmes. The limitations, under which it has had to work and the compromises which it has had to make, are partly due to the whole programme being the first effort of its kind and partly to the inadequacies of the human factor and constrictions inherent in the present economic structure of the country. Now that the proposals for devolution of authority and functions all along the line and the need for a programme of integrated development on a decentralised basis are being widely canvassed, it (the Commission) too has to be reorganized and assume responsibility for functions of more cardinal importance in the development programme of the country. We have stated earlier that the Commission is suffering from unnecessary accretions; its internal organization is not sufficiently coordinated and suffers from a lack of cohesion and coherence; and in its relations with the institutions, the State Boards and the Government of India, it has had to accept positions which were not always above criticism. It is now necessary that these limitations, as far as possible, be transcended, its internal organization rationalised and adapted to work at a higher level of efficiency and new purposes which it must fulfil. It is no detraction of the value of the work that it has done and the role that it has played, to say that it too has not only to initiate radical changes which we have in view, but to re-fashion itself as an instrument of

greater efficiency and carry out its work with an adequate appreciation of the bearing of the new horizons, which are well within view.

23. The Commission, if the above object is to be realised, could well be assigned following functions :

- (i) formulation of both perspective and annual plans for Khadi and village industries as an integrated part of the national plan in consultation with and concurrence of the Government of India;
- (ii) examination and analysis of all national economic policies bearing on the development of Khadi and village industries and negotiation with the Government of India of the measures needed for the removal of anomalies;
- (iii) technical research for evolving progressively improved techniques in all spheres of activities and for the appraisal of innovations and study of technical problems referred to it by the State Boards, Federations etc.;
- (iv) allotment of funds placed at its disposal by the Government of India to the State Boards according to the approved plans;
- (v) coordination of activities of the State Boards;
- (vi) planning, control and regulation of inter-State movement of goods with a view to minimising all avoidable movements of goods and realising the principle of maximum advantage in the working of the programme;
- (vii) preparation of training programme with a view to transmission of specialised skill of one State to the other States as far as possible, dissemination of information and adoption of the new technical improvements on as wide a scale as may be necessary and possible;
- (viii) economic research of all outstanding and emerging problems in relation to the unsolved problems of the programme itself and fulfilment of the objects of the national development programme;
- (ix) formation of a separate statistical bureau for compiling and processing of statistical material for the purpose of an overall evaluation and provision of data for economic research;
- (x) enunciation and observance of principles governing the loans by the Reserve Bank, the State Bank, Apex Co-operative Banks and other financial institutions; and
- (xi) keeping social objectives in the forefront of the whole programme and contributing what it can to the development of the necessary drive for carrying it out fully and consistently.

The Commission would, of course, need at its head office directorates for supervision and regulation. Its directorates, however, would have to be so staffed that its officers inspire general confidence, raise the level of thinking and action to the level suited to the new needs of the programme and infuse and maintain the right spirit in its working.

Advisory Board

24. The Commission will perform executive functions in consultation with, and the consent of the Advisory Board (All India Khadi and Village Industries Board). The latter would consist of 20 members, of whom 17 will be selected by the Government of India out of a panel of names suggested by the Federation, and 3 nominated by the Commission. The Commission would consist of five members, also selected by the Government of India out of a panel of 10 names drawn up by the Advisory Board. The Board and the Commission will have a common Chairman nominated by the Government of India out of the members of the Commission. All State Federations, except Bombay and Uttar Pradesh, will elect 2 members each; and Bombay and Uttar Pradesh, owing to their large size and population, will elect 4 members; and out of the total 34 names, Government of India will select 17 members. These 34 persons would also draw up a panel of 10 names either from among themselves or of persons who have interest in and experience of the Khadi development programme; and out of them, the Government of India would select 5 members, including the Chairman. Members of the Commission, with the exception of the Chairman, will not be members of the Board, though they will have the right to attend its meetings and participate fully in its discussions. The semi-representative character of the Board and the Commission would, in our opinion, promote harmony between them and the organizations in the States, and create an atmosphere of trust and confidence.

25. The Sarva Seva Sangh has played a role of cardinal importance since the introduction of the Khadi programme now in operation, and the Khadi Commission has been largely guided by it (S.S.S.) in making all major policy decisions. This relation has been beneficial and will, it may be expected, be maintained. The Sarva Seva Sangh, in its recent statements on the objectives of Khadi, has been thinking of radical changes and integrated approach. Its continued guidance would, we are sure, be of great service in fulfilling the new objectives of the programme.

26. Our recommendations are in keeping with the trends which are already in operation. The bigger institutions in Uttar Pradesh, Bihar and Madras, as stated above, have already introduced measures of decentralisation to a certain extent and adopted the policy of carrying the process further. As the bigger institutions account for more than 75 per cent of the total production, it is obvious that they, the State Boards and the Commission should deliberately adopt

policies of constituting decentralised autonomous units for carrying out our programme, and to make decentralization and autonomy really genuine. If all this is accomplished, it would be a big step towards the effective implementation of the programme. These decentralised units would have to be converted into cooperatives as recommended by us and the whole super-structure of the Constituent Units, the State Federation, and the State Boards built up. Other institutions should have no difficulty in finding their place in this new organization, as most of them are already small units and can reconstitute themselves on the new basis. Location of the institutions would, however, have to be reconsidered as a problem of a more even distribution of production centres, owing to the fact that there is considerable concentration even of the small institutions at present. The main problem, however, is the decentralisation of work of the bigger institutions, the Commission and, in some cases, the State Board; and if this is done, a good start in the new direction can be made. The old veteran Khadi workers will, it is hoped, continue to guide the new development and give to the new workers a sense of continuity and the perspective of the new horizon. The new organization, we may repeat, will not function as it should, unless in its animating spirit it is true to the implications of original purposes of Khadi and its fuller realisation in the new programme. This spirit has to be created not only in the Khadi development programme, but it has to be the all-pervading spirit of the development programme of the country as a whole and the new institutional framework which has to be set up to carry out the urgent tasks of the future.

PLANNING : OBJECTIVES AND TECHNIQUE

Planning of Khadi training and production programmes, it has been pointed out already, has been open to criticism owing to lack of coordination, absence of any criteria related to the needs and the utility of man-power, incidence of unemployment and other reasons. The result has been that intensity of concentration of production has increased in the last six years, the undeveloped areas, from the point of view of Khadi production, continue to be undeveloped, and there has been no delimitation of areas of production by various institutions and agencies; and therefore, there is overlapping and even unhealthy competition among the different producing units. It is, therefore, obviously necessary to remedy this state of things and draw up the future programme on a carefully planned basis.

2. Integration of Khadi development programme would, of course, imply that planning would have to be done on an all round basis; and the units of Khadi development programme will plan at all levels on a national scale and with reference to assessment of needs and resources, with corresponding units in other fields of economic activity and with the general guidance of planning bodies at higher levels, within the general directives contained in the State and national plans. This means that 'planning from below' which, during the First and Second Five Year Plans, has been merely a matter of form, will have to become a reality. Producers and people in general will participate actively in the planning process and their full interest in, and support of, the planning programme will have to be enlisted and maintained. At present, it is well known, the people are practically indifferent to the needs of the community and, with certain exceptions, they do not bestir themselves to understand the implications of the plans or take any active part in their formulation and execution. This inertia and apathy, it is admitted, is one of the most serious obstacles in mobilising our resources and tapping the resources, ability, enthusiasm and drive. The fact that this state of things exists and has continued to exist all these years is primarily due to the fact that the people have not been responsive; or the hearts of the people have not been touched by the way the programmes have been prepared and carried out. This applies as much to the Khadi production programme as to the programmes in other spheres. As the reduction of under-employment and unemployment has been and has to be the primary objective of Khadi programme in particular, and the other programmes in general, in the planning technique, the technique of moving the people deeply and bringing them into action in the interest of the community has to be deliberately included and applied with social skill and right social strategy.

3. The needs of the people have to be assessed, not according to their present level of purchasing power and its distribution, but on the basis of a social minimum, determined with reference to nutrition, housing, health and other essential needs of the people, including the need for raising their level of culture. The labour requirements of the programmes in aggregate and specific terms would have to be estimated on a comprehensive basis and on the assumption that the highest level of technique attainable in the existing circumstances and with the present means, subject to the overriding condition of utilising the available manpower in full, will be actually adopted. As long as joint cultivation on a pooled basis does not become common in the rural areas, sub-division of holdings into uneconomic units will come in the way of the most efficient utilisation of manpower; but subject to this reservation, cooperative action in crop-planning, cultivation and other agricultural processes, the use of more costly agricultural implements on a community basis, and planning and execution of programmes of soil conservation, minor irrigation etc. would have to be introduced on the widest scale and agricultural production greatly intensified. The development of village industries, including textile industry, would also have to be planned by making the minima of consumption as a part of the social minimum, and priority in the application of labour and resources will have to be fixed in the interest of the community with the full consent of the people. The plans for textile industry, *i.e.* spinning and weaving, would also have to be formulated on the same basis, and it will have to be determined by the extent to which a village and an area or region can and should be self-sufficient in respect of production of cloth. Though we expect that, given the will and the effort, the needs of the area would be largely satisfied through local production, import of mill-made cloth or production of handloom cloth woven with mill yarn, not only will not be excluded, but definitely provided for according to wishes and wants of the consumers. Production of cloth and all other commodities will have to correspond to the fashion and consumption based on free choice and allocation of the available spending power of the consumers. Use of different varieties of cloth, as of all other commodities, will be determined by uninhibited utilisation of their purchasing power, subject to such conditions as may be imposed by the people themselves with reference to plan, budget, needs and resources. Full utilisation of available manpower will be the goal, towards which the community's effort will be directed, but it will be reached only by successive stages.

4. State and central assistance and guidance, financial, technical and administrative, would be needed at all levels; but its real purpose, as indicated already, will be to stimulate, foster and develop local initiative, self-help and concerted effort, and on which the people will be expected and permitted to learn from their own mistakes. The means for development will have to be found by the people themselves through expanded production at a higher level of technical efficiency; and the bulk of the resources for development will have

to be created by utilising the surplus made available through larger and more efficient production. The most important potential asset, however, in the villages will be the available manpower, which should be converted into both capital and income. Khadi was, it may be repeated, intended to be primarily a programme of converting the liability of idle manpower into a productive asset; and if this object is realised through planned development in rural areas, the essential purpose of Khadi will, it has been pointed out before, become a programme of rural economy. Planning, therefore, has to be directed to the realisation of this paramount object; and the budgeting of resources should largely mean allocation of manpower for the various needs of the community.

5. The units of production of various commodities will vary according to the nature of each commodity, the technique used in production and the extent of market for it. For Khadi production, we have, as already indicated, an area of the basic unit and the Union above; but the area of each production unit will have to be determined with reference to the specific conditions governing its production and use. Probably for most, if not all purposes, an area covering 50 villages with a population varying from 20,000 to 25,000, would be suitable as a unit of our planning and development. This area should have a planning and development board of its own, to which should be affiliated all functional units in that area; and the plan should be formulated and executed under the direction and regulation of the planning and development board of the area. This board should be a representative institution and enjoy the confidence of the people of the area. The plans will have to be formulated in consultation with and cooperation of all functional units and will, of course, have to be fitted into and adjusted to the State and national plans. In preparing the plans for the State and the country, however, the primary importance of giving due preference to the wishes and wants of the local area and securing their understanding and full cooperation for the execution of the national plans, will have to be recognised and kept firmly in view in the execution of the plans.

6. It has been clearly stated in Chapter 21 on 'Self-sufficiency' that Khadi, as an integral part of the whole development programme and, in spirit, its essence, would not imply or aim at the establishment of a closed economy even in the country as a whole, much less in any of its parts, large or small. Inter-flow of goods between areas, States and countries can and must continue, and correspond to the principle of the maximum social advantage from the point of view of the community. The application of this principle requires that outflow and inflow of goods from or into the country, and in each area constituting it, must be planned to realise the benefits of specialisation, but more to prevent any serious harm accruing to the nation or parts of the nation on account of inter-change of commodities. Each area would have to plan export of commodities needed for purchasing the commodities which it cannot do without or cannot produce itself, or to utilise its

own resources to the best advantage in its own interest and from the point of view of the country as a whole. Trade, in other words, will have to be planned carefully so that all concerned may be benefited by the movement and exchange of goods. Price differentials, quest for commercial profits arising out of territorial price differences and other similar reasons for the movement of goods may, and probably will, at least for the time being, find a place in the planned inter-change of goods; but its primary purpose will be to export commodities in real surplus in each area and import others from areas where the supply of the latter is relatively abundant and where they can be produced at less real cost. As marketing cooperatives at all levels would, according to the current trends, be eventually responsible for most of the movement of goods, supplemented by state trading to the extent to which it may be necessary and unavoidable, they (the marketing cooperatives) will be the agencies through which trade plan of each area will be carried out and its needs provided for in order of social priorities. Trade of each area would, of course, be a part of the trade plan of larger areas; and the trade of the country as a whole would be planned in the context of international conditions and the country's requirements. In the First and Second Five Year Plans, movements of goods within the country and from and into the country have not received their due attention; and internal trade has been left almost completely to the free play of economic forces. Trade both internal and external, has to be rationalised and socialised; and in this process of rationalisation and socialisation, planning from the base upwards has to play an important and decisive part. Movement of Khadi will be a part of the planned inter-change of commodities; and though Khadi production would be mainly for local markets, it will not be exclusively so; and other varieties of cloth will be given their place in the planning of trade. The system of pooled costs and pooled prices, to which reference has been made in Chapter 23, would become necessary and possible through planned trading on a corporate basis; and this social device would be one of the most important means through which stability of prices would be secured and maintained.

7. As the plan for basic and higher units will have to be integrated with the national plan, any internal contradictions of plans and the plan would, as far as possible, have to be guarded against. Internal self-consistency being the very *raison d'être* of planning, such contradictions, if they exist, would be a measure of its inadequacy and failure. The basic plan would not only be assisted and guided from above, but its success will become a matter of primary concern to the men at the helm of economic affairs. Owing to their (the basic plans) fundamental importance, they will become the converging point of all measures and policies, contribute to their success and have their success conditioned by the degree to which they (the basic plans) fulfil themselves. Not only trade policies but also policies relating to prices, credit, industrialisation, communication, etc., will have to be prepared and executed with interest and solicitude for the basic

plans. Khadi, in this sense, instead of being on the fringe of the plan or merely a matter of sufferance, would become a part of the core, *i.e.* the entire rural development programme, which will become the focus of attention and consideration for the economy as a whole.

8. Khadi is at present less than one per cent of the total textile production of the country; and its production has, as pointed out before, fallen short of expectations. We do not propose to work out any targets of development in quantitative terms. They will emerge from the application of the basic principle enunciated here and rise higher and higher as the production of cloth proceeds apace. We, however, have no doubt in our mind that Khadi, in the context of the new economy that we have in mind and the impact of forces which, we hope, will be generated, would have, quantitatively and qualitatively, a far greater place than has been assigned to it by its most optimistic supporters. The common production programme and common price policy, to which we refer later, would be needed; but this common programme will, within the framework of national policy, grow from within and not be imposed from above. The new economy with its moving equilibrium will set its own targets and unfold more and more fully its own potential. If this comes true in textile industry, and in its spirit all through, it will become a very significant factor in the entire programme of production, development and social change. What is needed is that the implications of 'planning from below' should be fully understood and acted upon, and the new plan framed according to them. As plan is, essentially speaking, not a technical but human and social proposition, its increasing success would depend upon the extent to which the human factor is brought into play and the spirit of fellowship, *i.e.* a vivid sense of community, is made the prime mover of the plan in its entirety and diversity.

ROLE OF SELF-SUFFICIENCY

Khadi from the very beginning was conceived as a programme of production for use and not for market. Rural unemployment and under-employment, owing to very high man-land ratio, *i.e.*, non-availability of cultivable land for the growing population and absence of alternative outlets for the increasing manpower, brought home, through the clear sightedness of Mahatma Gandhi, the realization that this state of things, on the one hand, involved enormous waste of the potential productive power and, on the other, appalling misery for the lowest strata of rural population. It was felt keenly that immediate action was needed to reduce unemployment and under-employment, *i.e.* utilise the available manpower by such means and for such purposes as had practical value in the then existing circumstances and, consequently, to provide some little relief to the inarticulate, suffering multitudes. Advocacy of the introduction of spinning wheel was prompted by the desire that it would enable the unemployed and under-employed persons to use their idle hours productively through their own initiative and with the use of an instrument which was readily available to them, and increase the supply of cloth, which they (the unemployed rural masses) needed most urgently to cover their semi-naked bodies. Khadi was, in other words, a response to the urgently felt need of very large section of the most unfortunate section of our population. The conception of a new social order based upon decentralized, cooperative economy was also implicit in Khadi and received its due emphasis; but the view, that it (Khadi) was, essentially speaking, a programme conceived in real terms, *i.e.*, in terms of real resources and real needs, and also sound economics in the context of the country's immediate and future needs was the underlying assumption of the new venture. It also resulted in making politics a process of identification with the good of the masses and working with and through them; and this fact was one of the greatest gains of the Khadi programme. From the practical standpoint, Khadi was a great success. It created a sense of identity in politics between the masses and those who are at the helm of our national movements. In economic terms, however, liberation from "the veil of money" *i.e.* *kanchan mukti*, from the repressive effects of the market economy, was not realized to any considerable extent in actual practice. Every effort was made to bring the practice nearer the theory, but achieved only a very limited measure of success. During the last 6 years, *i.e.* since 1953 when Khadi and Village Industries Board was constituted, the dependence on the market economy has acquired even greater importance; and it has got even more deeply involved in the calculus of production for sale and market prices and unsuccessful attempts to mitigate the competitive disadvantage of Khadi in the market. The

result is, as pointed out already, that the dependence on urban markets has increased, the eyes of the workers have been fixed upon the bhavans and bhandars and the arts of high pressure salesmanship, to the relative disregard of rural markets and production as the guiding principle of Khadi programme.

2. *Vastraswavalamban* or self-sufficiency in cloth, from the point of view of the community of a village or a region, has almost been lost sight of; and though individual self-sufficiency has been provided for and, to a certain extent, actually realized, the genuineness of effort has in practice been greatly impaired and the productive use of involuntary idleness of human resources has retained only a residual interest and importance. Production for use, in spite of the aid of weaving subsidy, has remained an item of the programme; but, apart from the lapses which have occurred, the implications of the concept of self-sufficiency have neither been clearly understood nor been given their due place in the programme of production.

3. Essence of self-sufficiency is, and should be, full utilization of human resources in the context of an economy based upon production for use; and if our proposals for integrating Khadi programme with the whole programme of rural development with a view to planned utilization of human resources for an all round increase of production in every field of economic life are given effect to, the principle of self-sufficiency or *swavalamban* will acquire far-reaching importance and all-inclusive applicability. It will become really the basis of the entire economy and permeate all efforts and their results. There will be self-sufficiency on a national scale, realized not through local autarchy, but a rationalized, socialized economy operating for the realization of human values and, primarily, for the good of the community as a whole. Our proposals, if implemented in the spirit in which they have been conceived, would amount to fulfilment of the original purpose of liberation from the inhibitions of the market economy.

4. When the above object is fully realized, it would really mean full employment and elimination of both unemployment and under-employment. The latter would be planned out of existence by careful budgeting of needs and resources; and all available manpower would be completely utilized. It would, however, take time before this goal is achieved. In the intermediate period, however, involuntary idleness on a considerable scale will persist and, therefore, the need for providing a supplementary occupation through which the needs of the family can be satisfied, will continue and have to be provided for. Among the measures which can be adopted during the intermediate period, the traditional *charkha* may, and most probably will, continue to have a place of its own. Every effort should be made to encourage hand-spinning on traditional *charkha* for producing yarn for the use of the family; and yarn that is thus produced on it should be woven at subsidized rates. In spite of the incidence of unemployment and

under-employment on a large-scale, the need of mitigating it has, in practice, not received its due attention. The reasons for this reluctance and, even resistance, have to be carefully investigated; and if it is found that special measures have to be taken to remove the cause of social inertia, necessary steps should be taken. The basic, composite cooperative, which, we hope, would become the most important agency for carrying out Khadi programme in future, would give this matter earnest attention and would do what it can to promote production of yarn for the use of the family (*vastraswavalamban*). It may be expected that as the programme gets into its stride, idle manpower will be progressively reduced: productivity of labour increasingly improved; and the need for this particular use of idle labour will diminish. In other words, if the programme is in full working order and there are no unutilized idle resources, *vastraswavalamban*, even if it continues, will become a hobby of the family and not its economic necessity. Until that happens, however, as stated by us, the self-sufficiency programme would continue to have a practical importance, and should be supported by subsidizing conversion of yarn into cloth at the present rate, *i.e.* at the rate of 5 annas per square yard or 75 per cent of the weaving charges, whichever is less; and whatever can be done to reduce the reluctance of the sections of the community, who suffer most from unemployment and under-employment, should be done on a well-thought-out and coordinated basis.

5. In future, however, self-sufficiency from the point of view of community, would mean full utilization of the human resources, production for use and a reduction of the movement of goods to the limit necessary to realize the principle of maximum social advantage. If our economy is planned in real terms of resources, and if needs of the people are made the supreme object of production and their common good the overriding consideration, liberation from the illusion of money would be achieved in practice, and self-sufficiency would become the all-pervasive principle of the national economy. Self-sufficiency as local autarchy or closed economy on local basis, which is the present, prevailing misconception of the meaning of self-sufficiency, would become, as it in fact is, a myth born of prejudice or inability to understand the meaning of radical proposals, owing to mental preoccupations with the existing limitations of the established order of things.

6. *Swavalamban* is not only compatible with exchange of goods on an inter-personnel, inter-village, inter-regional, inter-State and international basis; but it really involves rationalization of the distribution and movement of goods through an assessment of genuine surpluses and genuine needs, and not through present irrational movement of goods through advantageous price differentials, illicit economic pressures of various kinds, and currents and cross-currents of internal and external trade without any direct relation to real economic advantages and needs. Self-sufficiency would mean, to repeat, the

application of maximum social advantage in a rational and planned manner. It will not be a quest archadiaz, but rationalization of production and distribution in terms of real needs and resources and the highest common good. *Vastraswavalamban* or self-sufficiency of cloth from this point of view, would be not a relic of some mediaeval economy, but a rational premise of a new, decentralized, cooperative economy.

CHAPTER 22

SELECTION AND RECRUITMENT OF PERSONNEL

It was pointed out in Chapter 14 of Part I that the present position in regard to the staff employed in the execution of the Khadi programme has, in many ways, fallen short of its needs; and its performance is not likely to be adequate for carrying out reorganization of the programme and realisation of the new objectives. This is due to :

- (i) low scales of pay, which do not attract men of the right quality and experience;
- (ii) very rapid turnover of the staff, *i.e.*, changes in the staff are rapid and frequent, because they (the employees) do not find it worthwhile to stick to it on account of meagre monetary rewards or are found unsatisfactory in the discharge of their duties;
- (iii) the general lack of understanding of social philosophy of Khadi or its implications by the staff who perform their duties more as a matter of routine than with the spirit which is generally associated with the Khadi workers, *i.e.*, a sense of purpose and dedication;
- (iv) training, which they receive in the various institutions, has been defective from the technical standpoint, but in respect of creating a sense of social obligation or understanding of the relation of the Khadi work to the broader issues, it has not produced any results;
- (v) the fact that there are disparities in the scales of salary paid to Khadi workers by the institutions, the State Boards, the C.P.A. and the Commission has not only created anomalies, but also created unhealthy competition among the various agencies, through which the programme is being carried out and has had a disturbing effect on it.

2. It is obvious that the present programme of reorganization and development cannot be implemented, if this state of things continues, though it is expected that, when the cooperative framework is fully established and starts working in the right spirit, a very large part of the work now being done by the organizers would be undertaken by the new leaders elected by spinners, weavers and other artisans. This, however, will take time; and in the initial stages, properly trained organizers with the right attitude and high sense of duty would be needed to set up the new organization and create the necessary drive. Fortunately, most of the veteran Khadi workers at the top still retain their original interest and willingness and capacity for devoted work. Most of them belong to a generation whose work is almost over and

who have to hand on their legacy to their successors. Their guidance and experience, as stated above, is needed in the transitional period; but the future of Khadi work depends really on the new leaders; and unless a new cadre of earnest and competent workers can be made available, the programme that we have suggested cannot be given effect to and brought to fruition. Importance of this point is self-evident and has been necessary for us to stress it because the experience of the last six years has reinforced the need for finding and placing the right men in the right place.

3. Since the Khadi work has to be integrated with the development programme of the rural areas and also of the country as a whole, it is also obvious that the Khadi workers cannot be a class by themselves, above and separate from the common level of development workers. Khadi has a tradition of dedicated work, which might be drawn upon as much as possible. But, as the scope and significance of the work would become very much wider and also deeper, the new cadre of workers will have to be built up, who will bring to their task a clearer understanding of its implications and its relation to the great adventure of creating the new village and national economy. This, of course, means that the Khadi workers will have to be imbued with the creative spirit needed for building up the whole rural economy on the new basis—a spirit which, we may repeat, will have to be all pervading, which he (the Khadi worker) will have to share and to which he can contribute. In other words, the Khadi workers will not be a corps by themselves, but part of a national corps for carrying out the big task ahead. The difficulties of creating such a corps are many; and it is possible to take the view that if this attempt is made, the Khadi worker will stand to lose what he has and gain little or nothing. It is possible to support this view from the current experience of development work in all fields; but the conclusion based upon it would be that no change of real importance can be brought about in the level of performance and the attitude and standards of the development workers. It should be clear that this is an untenable assumption. If this change cannot be brought about, the country's future has to be written off. We, for our purpose, take the possibility of building up the new corps of development workers as the premise of our report. The new spirits, the new norms, and the new pattern of behaviour in the performance of public duty have to be designed as an organic growth, which we have to hope and work for.

4. On this basis, the task of selecting, training and orienting the Khadi workers becomes very much simpler, even though more difficult. Their scales of pay will have to be the same as the scales of pay of the other development workers. They will have to be given specialised training; but imparting to them the right approach, the right social philosophy and the right standard of conduct will have to be a part of the whole social technique of finding and training men for key positions in the whole new economy in the making. The method and manner of recruiting, the period of training, the syllabus and its implementation would have to be based upon a programme of training the

whole corps of development workers. Though provision will, of course, have to be made for imparting to the Khadi workers the special skills needed for their work, the basic training of all the development workers would probably be the same, and the last six months of their course have to be utilised for specialised training. The experience acquired in the last six years can and should be utilised, as far as possible; but the whole question of training will have to be approached from a different angle, and the syllabus drawn on that basis.

5. The problem of personnel and its working is one of the first tasks to which immediate attention has to be given. If the experimental work of the immediate future, to which we referred earlier, has to be performed by the introduction of nation-wide development programme, it will be essential to estimate its personnel requirements and start in right earnest the programme of large scale selection, recruitment and training. The staff needed for this purpose would have to be employed and paid by the State Board and the expenditure met from public exchequer. This development expenditure should be met from out of funds required for development administration. The institutions, in the present state of things, are not in a position to raise the scales of pay of their workers, and they are not even very keen to do so, because they want to preserve the traditions of austerity which they have inherited. We are in favour of non-monetary incentives, *i.e.*, the sense of public duty and understanding of the fundamental importance of development work and its relation to the future of the country being the most important sustenance and support of the organization that has to be created. Money or higher scales of pay cannot by themselves guarantee the supply of right type of workers and their being able to rise to the high level of performance that we have in view. It is also, however, necessary to point out that social minimum has to be given to the workers; and the social minimum has to be the same for all development workers, including Khadi workers. The existing disparity is not only wrong in principle, but has disturbing effect in practice; and it cannot and should not be continued. This implies the need for building up a new salary-structure for the whole development administration and making it possible to move on its own power. This is one of the most fundamental tasks, which is as inescapable as it is fundamental. We do not propose to make out further details, owing to the whole problem being a part of creating a new administrative apparatus for development programme in the country.

CHAPTER 23

COST STRUCTURE

In the calculus of Khadi, money costs and money values have necessarily a secondary place; and social costs, social gains and social values are of primary importance. This has been the underlying assumption of Khadi all the time; and now this assumption has to be extended to economic calculus of the planned economy that is to be built up in this country. In other words, the new economic calculus has to be conceived in terms of social well-being and balance of input and output in terms of social costs and social income. Nevertheless, as the new planned economy has to and should function through and within the framework of price mechanism, money costs and prices must remain as an object of interest and concern. They cannot and should not be left out of account in the preparation, execution and assessment of the plans.

2. In India, the transition has to be made from autonomous price economy to a regulated price economy of a planned economic system. This, obviously, will not only take time, but also involve the development and application of a new technique in bringing price structure into accord with cost and income structure in real terms, *i.e.*, as stated above, in terms of social well-being. To Khadi has to go the credit in this country of having raised from the beginning the issue of the lack of accord between the two. This disparity still remains and has to be eliminated; but until that happens and the necessary concordance is fully realised, transitional measures have to be taken in order to reduce it as far as possible, and introduce measures and devices by which the gap between the two can be largely offset. It has been maintained that the differential between Khadi and mill cloth is and will remain inevitable; and production of Khadi has to be promoted owing to its real social advantages, *i.e.*, the community has to bear the cost of closing the gap, owing to the inherent superiority of Khadi in social terms. This is the *raison d'être* of rebates, subsidies and other contributions which are being charged to public funds. If Khadi remains what it is today, *i.e.*, 1 per cent of the cloth consumption of the country, inevitability of this differential may be accepted and Khadi taken as a relief programme. This obviously is, however, not an acceptable position. Khadi was not intended to be, and should not remain merely, a relief programme; and production and consumption of Khadi has to be a much higher proportion of the total textile supplies of the country. Even after the payment of rebate, Khadi is, very broadly speaking, nearly 60 per cent dearer than mill cloth of roughly comparable variety and, without rebate, 100 per cent dearer. Even if rebate is to be indefinitely continued, this differential cannot but remain a disincentive for the consumer; and it would be unrealistic

to expect that it (disincentive) can be neutralised by the consumer's appreciation of the social significance of Khadi. If differentials due to different techniques at different levels of not only Khadi but other commodities of village and decentralised industries are to become a permanent part of our price structure, the fact will create stresses, which ought not to exist and have to be planned out of existence. In the transitional period and, probably even ultimately, coexistence of different techniques has to be taken for granted. The implication of this fact, for the transitional period particularly, has to be taken into account in all plans for development, including development of textile production

3. Higher money costs in a rationally well-planned economy, in which there is rational distribution of productive resources, and no industry enjoys advantages to which it is not entitled, should be a measure of real costs and, therefore, a matter of social concern. In India at present, high cost of Khadi is due to low productivity, inefficient organization and adoption of certain other wasteful practices, to which we have referred. Moreover, the fact that artisans get wages which cannot be considered fair by any standard, their living conditions are extremely unsatisfactory and they have no interest in or understanding of the social meaning of Khadi, makes this high cost an unjustifiable drain on the limited resources of the community. The community can and should assume the obligation of paying part of the high cost, if there is some assurance that the cost will be eventually reduced through improvement in productivity, better organization, reduction in the cost of raw materials, and level of earnings of the artisans and other workers would be raised to the social minimum. At present, as it has been made clear, this assurance is completely lacking and has to be created; and, therefore, the present system of rebate, subsidies, etc. can be maintained only if the prospect in this respect is radically changed for the better. Even from the point of view of balance of social costs and incomes in real terms from the point of view of the community, continuance of these public grants-in-aid can be justified, if it can be demonstrated that, reasonably speaking, high cost of Khadi can be brought down by planned changes in production, organization and the level of earnings of the artisans raised to a much higher level.

4. It is, therefore, a matter of primary importance that costs and prices of Khadi should be materially reduced; and, at the same time, wages and earnings of all, who make their living from Khadi, materially increased. Khadi, therefore, has to be placed on a sound basis and assigned a place of its own in our economy, owing to its intrinsic merit, and in a position to realise the dual object of simultaneous reduction of costs and prices and rise in the level of wages. This, of course, means that increase in productivity and reduction of costs has to be adequate enough to provide the surplus needed for raising the level of wages. The community can assume the continued obligation of paying a part of the high cost, as we have said, only if there is a reasonable prospect of this object being realised in practice.

5. We have already indicated that at present Khadi is being produced under conditions, which unnecessarily add to its production and distributive costs. Khadi, according to its original conception, should have been produced from cotton grown locally, spun locally, woven locally and consumed locally; and in the process a part of the idle available manpower should have been utilised. These conditions are not being fulfilled at present, and avoidable costs of transportation and distribution are being incurred, which could and would be eliminated if in Khadi production local raw materials, local production and local consumption were to become the rule. The position is aggravated in this respect, because the technical potential of Ambar has not been realised; improvements in the latter have not been introduced, and the organization is lacking in efficiency, drive and coordination. These causes of high costs are remediable and should, in our opinion, be remedied. The community, *i.e.*, the State, should, while the remedial steps are being taken, provide the necessary financial assistance during the time that Khadi will necessarily take in moving from the present position of high costs, productive inefficiency and low earnings to a position of inherent strength, a higher level of productivity, better organization and higher earnings and better living conditions of the producers. In the Third Five Year Plan, therefore, the main problem of Khadi planning is the problem of providing for this transition; and practical measures have to be devised by which this end can be achieved. This has to be a part of the process of building up the new cost structure and price structure of our planned economy as a whole. This problem is a part of the bigger problem of thinking out premises on which the cost and price structure of the economy as a whole has to be built up; and this transition in Khadi has to be a part of the process of evolving and implementing a new price policy for the whole country. In the last ten years of the two Plans, this aspect of the matter has received very scanty attention; and the result is that Khadi and price economy as a whole have been practically adrift; and they neither have embodied nor been an instrument of a rational price policy suited to the new planned economy of the country. It is, therefore, essential that the whole position should be carefully re-examined from the point of view of our social objectives. In Khadi, as pointed out above, it is clearly indicated that reduction of costs and rise in earnings have both to be achieved, and Khadi moved to a much higher level of social efficiency. In concrete terms, it means that cotton should be locally grown, there should be arrangements for getting it spun and woven in or near the villages where cotton is grown, cloth produced should be woven and mainly absorbed by the local market. Production of Khadi, mill cloth and handloom products made from mill yarn should be so articulated and regulated that this object can be fully achieved without limiting the free choice of the consumer or throwing any additional burden on him. The consumers in our villages, *i.e.*, the majority of them, are very poor, and, in the existing inflationary situation, anything that raises the price of cloth or any other commodity that they need, involves serious hardships on them. Khadi, therefore, has to expand its production and

sales to a much higher level and become a means for supplying a much larger proportion of the textile requirements of the country through substantial improvements in production and organization. This object, as pointed out, can and should be realised, cost and prices of Khadi should be reduced and the latter (prices) should be comparable with those of non-Khadi cloth and with its quality and acceptability. Social earnestness and willingness to forgo personal advantages of the people should be harnessed primarily for building up the new basic structure of the economy, and provide its motive power, and not drawn upon specially for promoting the production and sales of Khadi. The whole question has to be fully examined from this point of view, and reorganization of the Khadi programme undertaken, among other reasons, for the purpose of establishing more or less a parity of prices of textile products.

6. In our analysis of costs and prices we have specified the various elements of the problem. Pending the fuller examination of the question, we have to illustrate how there is a reasonable probability of the reorganization of the programme leading to the realisation of this object. For our illustration, we have assumed three successive stages indicating the increase in productivity, realisation of economies, progressive reduction in costs and prices, and of the differential between the prices of Khadi and non-Khadi cloth. These three stages are set forth, statistically, in the Statement appended to the Chapter. Being only a rough indication of what can be done if the conditions referred to above are in fact realised, the limitations inherent in these calculations have to be borne in mind. They, however, do illustrate that it is certainly possible to bring into play factors, which will at first reduce the causes of high costs and prices and low wages, and later, probably, remove them altogether.

7. The two major assumptions of the Statement are that output of yarn would be increased from the first to the third stage, from 8 to 14 hanks per day and of cloth from 6 to 8 yards per day, and by maintaining the rates of wages of spinners and weavers at 2 as. per hank and 6 as. per yard, respectively, in the first two stages and changing them to Rs. 0-1-9 per hank for spinners and 7 as. per yard for weavers for production above 6 yards per day, earnings of the Ambar spinners can be increased from the present level of Rs. 53 per year to Rs. 300 per year in the first stage, Rs. 375 in the second stage and Rs. 453.75 in the third stage; and of the weavers from the present level of Rs. 250 a year to Rs. 675 in the first stage, Rs. 675 in the second stage and Rs. 937.50 in the third stage. In the process, cost prices are reduced from Rs. 1.75 per yd. of Ambar cloth of, say, 16 counts to Rs. 1.62 in the first stage, Rs. 1.43 in the second stage and Rs. 1.24 in the third stage. Assuming the price of comparable variety of mill cloth as a representative of the non-Khadi cloth to be Re. 1 per yd., the price differential per yd. is reduced from Rs. 0.75 before the process gets started, to Rs. 0.62 in the first stage, Rs. 0.43 in the second stage and Rs. 0.24 in the third stage. It is assumed that in the first two stages, rebate at the rate of 3 as. per rupee would be maintained, and

the sale price of Ambar cloth after the deduction of the rebates, would be reduced from Rs. 1.42 at the outset to Rs. 1.31 in the first stage, Rs. 1.16 in the second stage and Rs. 1.02 in the third stage. The economies realised at these three stages would lead to the reduction in cost price by Rs. 0.13, Rs. 0.11 and Rs. 0.19 in the three successive stages. At the third stage, it is assumed that the rebate would be granted at half the previous rate, *i.e.*, $1\frac{1}{2}$ as. per yard of Ambar, and the differential between Khadi and the mill cloth would, as stated above, be Rs. 0.24 per yard.

8. A system of pooled prices would have to be introduced at all stages to eliminate the price differential between Khadi and other cloth, and the pooled price per sq. yd. would be Rs. 1.25, Rs. 1.13 and Rs. 1.12 in the three successive stages. It is assumed for our purpose that four-fifths of the local requirements of cloth would be met from local production of Khadi and one-fifth would have to be imported. The system of pooled prices, provided the bulk of local consumption is met by local production, would not involve any fresh burden on the consumers, but would only remove the price differential between Khadi and other varieties of cloth. Each variety would have, to use the current phrase, its retention price, *i.e.*, price which would cover its legitimate cost, but the sale price of comparable varieties would be unified and, as stated above, parity of prices would be established. This would mean the extension and application of the principle of regulating prices of units with varying costs of production, and equalising their sale price through the formation and operation of an equalisation fund, which is now being successfully applied to steel and a number of important commodities. The whole production of textiles will have to be planned on a unified basis. Each section will have its allocated assignments. Distribution of goods would have to be regulated on a planned basis, and no movement of goods would be permitted, which is not in the interest of the community or the needs of the economy. The main purpose of this regulated movement would be to utilise the advantages of specialisation to the full; but any movements, which are not justified by this consideration, would have to be ruled out.

9. The whole system of textile production, and of production as a whole, will have to be articulated, and distribution of goods through the cooperatives, the State trading organizations and other licensed agencies brought about in accordance with the assessed needs of the different areas. This point really needs fuller elaboration, but what we have said can be taken as adequate for the purpose of indicating our view that it is necessary to build up a unified price structure and provide for planned distribution of commodities. We are, here, of course, indicating what needs to be done in order to bring about parity of prices between Khadi and other types of cloth. But this is a principle of wide application, and the pooling of Khadi and mill cloth should be taken as a part of the system of parity prices of all commodities produced under conditions of varying costs.

10. In the case of Khadi, planning of textile consumption, according to our proposals, should be entrusted to the federal organizations, to which we have given the name of constituent units; and the proportion of 4 : 1 referred to above would, if acceptable, have to be fixed by these institutions. These areas will consist of 10 villages, about 5,000 families or 25,000 persons, which would plan production and sales, not only of Khadi but of all production, including that of agriculture, other decentralised industries and also of the organized large scale industries of these areas, subject, of course, to such supervision and regulation as may be necessary in the interest of the national economy as a whole. Export of goods from, and import of goods into, these areas would also be regulated according to this plan; and, for the purpose of this illustration, it has been assumed, as stated above, that four-fifths of the total textile requirements of the people of the area would be met by local production of Khadi. The rate of production and consumption *per capita* has been taken to be 10 yds. per head at the first stage, 12 yds. per head at the second stage and 15 yds. per head at the third stage. It has been taken for granted that expansion in the production and sale of cloth will be a part of the increasing prosperity of the people through all round economic development of the area on an integrated basis. This development, being presumed to be due to local organization, local initiative and local enterprise, with technical guidance and financial aid from the State and the Centre, would, it is likely, generate its own surplus, which will provide capital resources for all round development and, thereby, materially contribute to the accumulation of capital in the country.

11. The economies envisaged in this Statement are the economies, **which, on a conservative estimate, are already within sight; but when the process really gets going and the new decentralised, integrated basic economy gets into its stride, it could be reasonably expected that actual economies will be of a greater order; and the establishment of a unified price structure for each area and, therefore, for the country as a whole, will become a much less difficult proposition than it may appear at first sight.** The technical possibility of progressive reduction of costs and prices of decentralised production has yet not even been explored. If the task of building up decentralised integrated economy is taken up in right earnest, and the latter can generate its own power, *i.e.*, drive from within, the whole outlook would change from the point of view of productive efficiency and fuller utilisation of our productive resources. Our illustration, therefore, only indicates that we can well set ourselves the tasks of progressive reduction and eventual elimination of any type of spoon-feeding for decentralised textile production. This, of course, would also mean that the extent of unemployment and under-employment in the villages would, as the programme gets under way, through planned action, be very materially reduced; and after some time, even its complete elimination would definitely not appear as formidable as it does today.

12. Khadi will not be the only or the major factor for achieving this object. As stated by us earlier, rationalisation and intensification

of agriculture, development of animal husbandry, afforestation, soil conservation, construction of minor irrigation projects, of roads and other works of public utility besides, of course, decentralised industrialisation, supplemented as the need may be, by the development of the large scale industries, would enable the country to tackle and, probably, solve this apparently formidable problem. Khadi would have its own part in bringing about this consummation; but the progressive realisation of this object would in reality mean making the spirit of Khadi, as stated in Chapter 18, an all-pervasive factor of the whole economy. The whole question of the continuance of rebates and subsidies and other contributions has to be approached from this point of view. They are needed as necessary props while the decentralised economy is being built up and creating and developing its own material resources, organizing capacity and motive power. These props, however, should not be taken to be or converted into crutches, *i.e.*, they should not be indefinitely needed for the support of Khadi or any other decentralised industry. Any productive organization that needs such crutches, cannot but be inherently unsound, and should not be permitted to remain an integral part of any well-planned economy. We are definitely of the opinion that Khadi needs props but not crutches—the props, which it should be able to do without in a reasonably short time. We are not in favour of indefinite continuance of public contributions for making Khadi a working proposition.

CHAPTER 24

FINANCIAL ASSISTANCE AND FINANCE

Financial implications of our proposals have already been referred to in the previous chapters. It is, however, necessary to state them briefly in one place. They relate to (a) pattern of financial assistance and (b) source of funds for financing development on an integrated basis.

2. The decentralised, integrated, cooperative economy at the basic level should not later need external financial aid and largely be in a position to provide funds for its own development, *i.e.*, provide resources for its fixed and circulating capital. Finance is really not the essence of Khadi—not even really of the development plans as a whole. It is primarily a problem of organization, local leadership and social momentum. These are primary needs not only of Khadi, but of the economy as a whole; and if the country can rise equal to them—we know it is a very big “If”—the problem of finance will not present any serious difficulties and may very largely solve itself, if the events can justify the faith that our people have reserves which, if properly tapped and brought into action, would be adequate for the dynamic requirements of the economy.

3. All the same, it is necessary to state briefly financial implications of our proposals. As regards the pattern of financial assistance, we expect that financial aids would be needed for a while; but eventually most of them would, through the growth of Khadi, *i.e.* through proper organization, improvement of efficiency and expansion, become unnecessary and, therefore, dispensable. The most important financial aid, *i.e.* rebate on the sale of Khadi at the rate of 3 as. should, in our opinion, be maintained until parity has been realised between the cost price of Khadi and mill cloth. In our illustration, even in the third stage, rebate at Rs. 0-1-6 per rupee, *i.e.*, at half the current rate would be needed. But, probably, if other economies, which have not been taken into account in the statement appended to the Chapter on Cost Structure, are realised, even rebate at half the rate may not be needed. It is not unlikely that cost of mill cloth would also be reduced while the economies in Khadi are being realised. But corresponding acceleration of technical development, a fuller reduction of costs in Khadi can also be expected, though not firmly predicted. The position of parity has to be aimed at and rebate dispensed with completely when it is attained. For the time being, however, rebate, as stated above, has to be maintained at the present rate; and attempt made to reduce progressively the price differential between Khadi and mill cloth.

4. Subsidy on production and sale at the rate of Rs. 0-0-6 each is, as stated earlier, not of material importance for Khadi production and can be withdrawn without any serious disadvantage to Khadi programme. As stated already, the question of the continuance of payment of rebate on retail sales of woollen Khadi, particularly of coarse blankets, needs to be re-examined. We are of the opinion that a well-planned programme of development of woollen Khadi in general and coarse blankets in particular, will be a more effective means of raising the levels of earnings and standards of living of the artisans than payment of rebate at the present rates. This question, as stated above, needs fuller investigation with reference to the conditions, in which different varieties of woollen Khadi are manufactured. Such an investigation alone can indicate the type of assistance required for improving and expanding production of different varieties of woollen goods. Grant of rebate and subsidy for production and sale of silk Khadi is not justified; and if administration of the silk Khadi programme is entrusted entirely to the Khadi Commission, and research in silk reeling, spinning and weaving is seriously undertaken and improvements made in the cost and quality of silk Khadi, it would attain strength and efficiency, and go ahead on its own intrinsic merits. Silk Khadi does not need any rebate and subsidy, owing to the obvious reason that most of the buyers of silk are people of means and can pay the prices necessary for meeting its production costs.

5. For the time being, commission given to the institutions for *vastraswavalumban* at the rate of 2 as. per sq. yd. has to be continued, until the basic units build up their own reserves to maintain their organizers. We assume that in developing the basic cooperatives, the State would be appointing development officers for two or three villages, and they would do all the work that is needed for organizing the new integrated economy and keeping it in line with the national economy as a whole. These officers would be appointed and paid by the State; and when that happens, the commission of 2 as. could also be dispensed with. The reduced overheads for Khadi production and sale would be met out of the rebates until its continuance becomes unnecessary. Later, they (overheads) would be charged to the price of Khadi in the local market.

6. Subsidy at the rate of half the price of traditional *charkha* and Ambar has not assumed any importance in the existing programme. As traditional *charkha* will be used almost entirely for production for self-use and its cost, as a rule, is not high, no subsidy will be needed by those who ply it for their own consumption. As it is, subsidy for the purchase of Ambars has been availed of only to a very limited extent. *Samyukta* Ambar costs, as we have stated, about Rs. 65 at present and could be further reduced if it is produced on a mass scale; and the spinners, who, we expect, would be earning from Rs. 300 to Rs. 476 a year, could easily purchase this instrument themselves, if they were given loans for the purpose repayable, say, in 10 years. These two subsidies, therefore, also can and should be withdrawn.

7. Khadi, as we have said above, needs funds for development, *i.e.* for training, research, coordination, workshops, service centres, construction of godowns, bleaching, printing and finishing establishments and equipment for sales organization and acquiring other fixed assets. These development expenses would, of course, grow with the growth of Khadi production and sale on a more efficient basis. These development expenses are a legitimate charge on the State exchequer and have to be provided for in Central and State budgets. This provision will be made, as stated in Chapter 19, in consultation with the Khadi Commission, placed at the disposal of the State Boards and administered by the State Federations. Even for development expenses, it may be expected, Khadi would, in due course, be able to become self-financing to a certain extent. For the present, however, liability for providing funds for this purpose has to be the joint responsibility of the States and the Centre.

8. Most of the funds required for Khadi are, however, for investment and working capital. Working capital has been, as stated in Chapter 15, nearly 40 per cent of the total financial requirements of Khadi. With the decentralization of cotton cultivation and organization of production and sale mainly on local basis, the need for working capital and its proportion to the total outlay on Khadi would decrease. Working capital, however, has to be provided for and will need large allocation of funds. Both for investment and working capital, institutional finance should, as stated in Chapter 15 of Part I, be fully utilised. It is generally agreed that this is necessary and desirable. It is time that the Planning Commission's recommendations on this point be put into effect; and a unified scheme, as stated in Chapter 15, under which provision for all decentralized industries can be made for investment and working capital, should be drawn up and brought into operation. The scheme introduced by the Reserve Bank and the State Bank of India for meeting the credit requirements of Handloom Cooperatives and the Small Scale Industries are well-conceived and have to be fully developed. At present, the decentralized industries are receiving assistance from various sources—Small Scale Industries Corporation, State Finance Corporations, State Aid to Industries Acts, the State Bank of India and even some other financing agencies. In the cooperative framework in the Constituent Unit, it should not be necessary to have these diverse sources for meeting the financial requirements of decentralized industries. All the funds needed by them can be channelized through the Constituent Unit, Cooperative Banks, and the latter can be assisted by the State Bank of India and the Reserve Bank for providing financial accommodation on short and long-term basis to the cooperatives functioning in these areas.

9. Loans for Khadi work are at present interest-free. Loans granted to the Handloom Cooperatives and Small Scale Industries carry concessional rates of interest. In this regard uniform practice need not be adopted. Loans for Khadi work may for a time continue

to be interest-free, and the magnitude of the liability involved on that account has to be known and charged to the Khadi development account. At present, as stated in Chapter 17, aid to the extent of Rs. 1.68 crores has been given for Khadi in the form of interest-free loans; but the amount has not been brought into Khadi account. As we have said, it is necessary to change this practice and definite allocation made in the development budget of Khadi for granting interest-free loans for Khadi work. Later on, the whole position should be reviewed and the question as to whether loans for Khadi should remain interest-free should be considered on its own merits.

10. Financial accommodation, however, apart from the question of rate of interest, should be liberally provided for Khadi, and the criteria of credit-worthiness, as pointed out in Chapter 15, suitably amended. Khadi, if it has a sound organization to back it and its spirit is fully expressed in the new development programme, is as good a credit risk, if not really better, than any other clients for financial accommodation. That it has not been possible to make arrangements for providing financial accommodation to Khadi institutions is due to the financial agencies, the State Bank of India, the Commercial Banks and Cooperative Banks, being unduly conservative in their assessment of the credit-worthiness of Khadi. These reservations are not called for and could easily be dispensed with, when, as stated by us, Khadi work is properly reorganised. We are strongly in favour of Khadi being considered eligible for financial accommodation by the institutional agencies for investment and working capital, and earnestly recommend that these be provided without making any unnecessary reservations.

11. As we have stated above, through reorganization, Khadi should, in due course, be in a position to meet its own financial requirements to a considerable degree; and that will happen if the national economy at the basic level establishes local communities, which can create, earmark and utilise their own resources for development; and Khadi, as a part thereof, would be able to contribute its share. This has to be one of the most important means of solving the problem of capital accumulation of the country and the whole plan has to be framed on that basis. Generation of this surplus, however, would depend upon the economy at the basic level being able to utilise its human reserves to the full and convert them into income and productive assets. Financial counter-part of our proposals has to be viewed in this context; and if that is done, it (financial counter-part) will not remain purely a financial proposition but be taken as a part of the concerted efforts of the community to become self-sustaining and self-propelling.

CHAPTER 25

ANCILLARY AND AUXILIARY ACTIVITIES

In this Chapter we propose to deal briefly with a number of points of great importance, which are ancillary or auxiliary to the Khadi development programme.

Technical Research

2. We will begin with the provision for technical research, to which we attach great importance from the standpoint of the success of the Khadi programme. This is a field in which there is, it need not be said, an enormous scope for original work. Already two institutions, one at Ahmedabad and the other at Wardha, are functioning as research institutions; and they have done, within the existing limitations, good work. There has, however, not been adequate cooperation between the two institutions. Their contacts are formal, and there has been no planning of research for the village textile industry as a whole. As we have already indicated, modern technique has limitless possibilities for raising the level of technical efficiency of decentralized industries, including the textile industry. It should be the aim of not only these two institutions or any other institution, which may be set up by the Khadi Commission or the State Boards, but also the national laboratories of pure and applied research, the small scale industries service institutes and various other laboratories run by the States, the universities, and the industrial and commercial organizations to give technology of decentralized industry their very earnest consideration; and a planned programme of research on a nation-wide basis should be prepared and implemented. The ATIRA at Ahmedabad has set a very good example in this regard and the relations between it and the Prayog Samiti at Ahmedabad are close and cooperative. The problems of technological improvement require careful investigation from all points of view; and a cooperative effort on a large scale has to be made in order to realize its object. We hope and expect that the existing institutions at Ahmedabad and Wardha would be further developed, their work organized with greater care and larger financial provisions made for their working and development. But scientific and technological research in decentralized production is one of the most urgent tasks to which the country has to apply itself, and it is hoped that it will be undertaken in right earnest. Technology of decentralized textile industry has to be developed with a special sense of urgency, for it is likely to be one of the most important factors in raising the level of production and standard of living of millions of producers in this industry. Great improvement in both the level of production and the standard of living, which, from our point of view, is of vital importance to the future of the decentralized textile industry, can be achieved by intensive and continuous research for this purpose.

Cultivation of Cotton

3. Cultivation of cotton as widely as possible has been an article of faith ever since Khadi work was started. In spite of the firmly held view that this is possible and should be done, very little has been done to realise it. There are a number of States, like Assam, Orissa, almost the whole of Bihar and most of eastern Uttar Pradesh, where cotton is not cultivated. Agricultural research in extending the area of cultivation, as far as we know, has not been seriously attempted.

4. We had the benefit of discussing this question of growing *dev kapas* (tree cotton) with Dr. Sethi, Secretary of the Indian Central Cotton Committee. His view is that *dev kapas* is not only not an economic proposition because its yield in relation to the cost of maintaining it in healthy condition is almost prohibitive, but it is susceptible to disease and where other cotton crop is grown is likely to infect the crop. Except in forest areas, according to him, tree cotton cannot be profitably grown.

5. This view is entitled to serious consideration. We are not, however, in a position to express any opinion, but we are of the view that this subject should be investigated; and if it is clear that the prescribed cultivation of cotton should be ruled out in certain States or in parts of some of the States, the question of introducing Khadi in such areas should be seriously reviewed. Unless there are strong reasons for the introduction of Khadi work in such areas, it appears to us desirable that the solution of the problem of idle manpower should be attempted by alternative methods.

Economic Research

6. We have already commented upon the working of the economic and statistical section of the Khadi Commission and expressed our view that, though the section has had to work under great limitations, almost its entire time has been devoted to the collection and compilation of figures; and economic research as such has not received its due attention. Even from that point of view, we know from practical experience, its work falls short of the needs of the situation. We have had great difficulties in getting the material which should have been made easily available. On a number of important points we have not been able to get data, which should have been collected as a matter of course, and we have been seriously handicapped in our work on that account. The more important aspect of the matter is, as we have stated, that economic research has not been undertaken; and the fact could not but have been a serious handicap in reviewing the programme in its working, its planned development and policy making.

7. We are of the opinion that the economic research section should be reorganized, placed on a higher level of efficiency, its staff greatly strengthened and its most important, if not the only, function should be to conduct applied economic research on short and long-term basis. The problems that await steady analysis and solution are many; and more will arise as the programme as an integral part of the whole

development programme gets under way. We cannot go into details or elaborate this point; but we are convinced that economic research, from the point of view of Khadi industry, cannot but be of fascinating and absorbing interest; and it is necessary that it should be properly and adequately carried out. In regard to economic research as to technical research, we hold that this should be not merely the function of the research organization of the Khadi Commission. The State Boards and even State Federations should introduce and carry out programmes of economic research; but even more than these, the various economic research institutes and the universities and the economic research programme of the Planning Commission should make economic research in the field of decentralized industry their very special concern. Up to now, the important aspect of this matter has been hardly appreciated, and no programme of research of any kind has been drawn up or implemented. The scope for work in this field is unlimited; and its importance is sure to grow, as decentralized co-operative economy is established and fully developed. There are some problems, which are already well to the fore at present as potential subjects of economic research. A fuller examination of the question would bring many more to the view. A well-planned programme of economic research conceived in the new social context, *i.e.*, in the context of the new economy in the making, cannot but be given a high place in the programme of the future.

Artistic Content

8. A small provision has been made by the Khadi and Village Industries Commission for promotion of art in Khadi, *i.e.*, preservation and further development of traditional designs in certain areas. It appears to us that this subject should receive greater consideration than it has received so far. The old tradition of the people's art in weaving and printing has to be kept alive, and given a new content in the light of the changes that have taken place or are in progress. It is known that the people have an excellent sense of design and colour; and when these are not vitiated by vulgar commercial practices, results of high quality are in fact produced. Collection of old design and prints, understanding of their motifs and correlating them with the life of the people, for whom the decentralized textile industry would mostly function, should be regarded as a matter of great interest and importance, and receive special thought. At first, probably a special section of the Khadi Commission could well make a beginning in developing the folk traditions in Khadi; but in due course, it would probably be necessary to have a special institute, and possibly institutes, for promoting this object. An institute of applied arts for creative development of our old heritage in this respect would serve a very necessary and essential purpose. This institute should be intended to serve all decentralized industries; and though artistic crafts in textile fabrics, metals, metalwares, wood work, lacquer work etc., would need to be particularly provided for, artistic quality of the articles in every-day use, including common varieties of cloth, should

not be neglected on that account. The people's arts in India have always been inter-woven with the fabric of the common life of the people and should in future also be organically related to it. Degeneration in the artistic quality of the articles of every-day use, including cloth, has to be arrested. The object of this process should not be to preserve the antiques but to maintain an intimate relation between the artistic content of weaving and other modes of production and life of the people as a changing and growing process. We are, therefore, of the opinion that this matter should receive serious consideration in the reorganization of Khadi programme; and the current practices in designing and printing should be fully assessed; and their possibilities of growth investigated and, as far as possible, realized.

Work in Tribal Areas

9. The Khadi work in Koraput, in tribal areas near Rangpur, Baroda and in Sarguja district in Madhya Pradesh as a part of the general development programme undertaken in these areas, has broken new ground and provided new experience. Though it is rather early to generalize on the basis of this experience, it is fairly clear that in the development work undertaken specially for the benefit of these peoples, Khadi can and has to play a role of its own in the integrated development of these areas. Outside these areas, very little development work has been done by the Khadi organizers; and the general feeling appears to be that special feature of the economy and the way of life of these peoples make it extremely difficult to introduce and develop Khadi among them. This view is based upon experience and has to be duly taken into account. It, however, appears to us that the experience acquired in the areas referred to above, has clearly shown that if the development problems of the tribal people are approached in the right way and assigned to a specially selected team of devoted workers and undertaken in the right spirit, it can produce good results.

10. Tribal people have preserved a tradition of community life, which has been greatly weakened in the rest of the country; and their general pattern of reactions makes it easier for them to respond to efforts at community development. On the other hand, their ways of life and mores present real difficulties in carrying out a programme of development, which requires sustained application and regular habits. The tribal people are, however, an important element in the life of our nation and are, in the best sense, its sacred trust. It is known that in the life of the tribal people, there is great diversity; and a uniform pattern of development cannot be adopted in all tribal areas. Each area, therefore, has to be carefully examined; and the programme of integrated development, adapted to the requirements of each area, has to be drawn up and implemented. In the development of Khadi also, as in the implementation of the programme as a whole, special problems will have to be taken into account and solved; but we are convinced that an integrated approach is of special importance for the development of the tribal areas and should on that account

receive even more earnest consideration. This brief reference to this aspect of Khadi is all that we can make. A lot of exploratory work needs to be done, before a scheme or schemes suited to these areas can be evolved. This work in itself, however, is important enough to merit careful consideration in the very early stages of the implementation of the new programme outlined by us.

Khadi in Special Institutions

11. Khadi work done by the Social Welfare Board, in various institutions and jails has special features; and it is not possible for us to say much about it. The Social Welfare Board is specially working for the benefit of women and children; and if and when it is considered necessary to introduce Khadi through the Social Welfare Board, it should be considered a part of the general integrated programme and related to the other beneficent activities of the Board. Khadi in borstal schools can be usefully introduced.

12. Basic education being a craft-centred system, Khadi has naturally been assigned a place of cardinal importance in basic schools. As basic education is built up on the principle of correlation with life as a whole and has been conceived in terms of a new decentralized social order, genuine basic schools would find integrated development specially suitable for their working and growth; and it is hoped that the essence of basic education, though not necessarily its particular form, would be made a part of the scheme of the integrated development and really contribute to its strength and progress. In the basic schools, in which spinning and weaving are basic crafts, the output of yarn and cloth should be taken as an incidental part of the educational programme and not treated as production activity. The disposal of yarn and cloth thus produced may, in some cases, be entrusted to Khadi production units, but it should not be considered a part of their normal programme.

13. We, however, do consider it necessary to say a few words about Khadi programme in jails. In some of the jails that we have visited, *e.g.*, the central jails at Meerut and Sabarmati, Khadi work is well organized, Ambars are kept in good working order and the quality and the output of yarn are generally speaking satisfactory. This work, however, needs to be very much further developed. Jails have certain special advantages which ought to be utilised for the extension of this work. They are :

- (i) the convicts can be given good training, work under controlled conditions and attain a high level of efficiency;
- (ii) Ambars can be fully utilized and maintained in good working condition;
- (iii) with the new reforms in jails, an incentive to work can be provided by paying wages and creating community sense;

- (iv) as jails can utilize their total output of Khadi for the uniforms of prisoners, the problems of prices and their disparities, of marketing and resistance of the buyers do not arise; and
- (v) owing to the controlled conditions under which the work can be done, new techniques in spinning and weaving can be easily introduced, tested by experience and later popularized, if they are found suitable for adoption.

14. With genuine human approach, which is being increasingly adopted in our jails, and humane conditions of work which are being more and more provided, it appears to us that Khadi has special possibilities in jails; and they should be fully realized as far as possible. Experience of the work already done justifies its extension on a wide scale. We are of the opinion that this question be seriously considered and Khadi work in jails organized on an extensive basis.

CHAPTER 26

NEXT STEP

Implementation of our proposals, we need not say, call for early action on the part of the Khadi Commission, the Government of India, the States, the institutions and even the sections of the public who are actively interested in the problem of the country's development and have the necessary sense of urgency. Inadequacies of Khadi, to which it has been our duty to draw attention, are partly due to Khadi organizations not having responded fully to the needs of their tasks, but, even more, due to the fundamental inadequacies of the whole economy, which have necessarily limited and circumscribed its (Khadi's) operations. It is essential that these fundamental inadequacies be clearly taken into account and vigorous effort at all levels made to remove them as far as possible. Without effective action for this purpose, implementation of our proposals, even if they are accepted, would continue to be hampered by the unfavourable setting in which it (implementation) will be made. Khadi, as we have pointed out, cannot, and was not intended to, stand alone. Its programme cannot consist of islands of earnest, isolated efforts of people, to whom Khadi is a matter of deep personal conviction. It has to function and can thrive, only if it becomes a part of the entire developmental effort of the country and its spirit is assimilated in the organization and purpose of the whole development programme. We have already indicated that this assimilation can be brought about and would be fully compatible with the basic objectives of creating a socialist economy in this country—really, it would make its own contribution to it in a very beneficent manner. It is now admitted by persons of all points of view that basic, decentralised, cooperative economy has to be built up, if this country is to realise social democracy, in the real sense of the word, and solve its fundamental problems. The current proposals for decentralization, building up of service cooperatives and hierarchy of institutions at different levels to reorganize our agriculture, trade and industries on a cooperative basis are an expression of the general agreement of public opinion on this point. Really speaking, the general climate of opinion, official, non-official and academic, could not be more favourable for introducing decentralized cooperative economy; what is urgently needed is that firm policy decisions at the very highest level should be taken at an early date, and measures conceived, devised and implemented for making it (decentralized cooperative economy) the most important assignment for the nation as a whole, *i.e.*, administrative apparatus equal to the task has to be created and developed; and the new institutional framework, animated by the right spirit, has to be established and brought into full action.

2. We devoutly hope that for the implementation of these proposals, a large measure of common agreement will be achieved in theory and practice, and the execution of the programme become a common urge and endeavour of all people, who are genuinely interested in meeting the increasing challenge of our economy. The need for agreed action on a large scale for this purpose is admitted; but, in practice, sectarian views and ways are coming in the way of their (these needs) fulfilment. We, for our purpose, have had to assume that the practical difficulties in the way of realising this object will not be insuperable; and will and strength of the people at the basic level would be aroused and brought into play; and local, cooperative communities, federated together in an ascending order, animated by the great purpose of creating the new economy, would, in fact, be established and become the most important force in shaping the future of the economy. We have also to add that, according to our conception of the future, these autonomous local communities would function and have their being in the framework of a unified and planned economy with common guiding principles and norms of thought and action; and autonomy would not, in the least, imply that unity of purpose and action on a national scale would thereby be in any way impaired. This would, in fact, mean unity of a higher order through creative participation of different parts of the country and different sections of the community.

3. This conception being an essential part of the spirit of Khadi, its materialisation in the actual working of the operative economy would be a great contribution to its (Khadi's) success in the future. Our proposals, therefore, can be not only fully coordinated with the whole programme of development, but are also in keeping with the tasks, which, in the next stage of our development, have to be its very core. Khadi, in this context, will draw its sustenance and strength from the new economy in the making and, in its turn, greatly contribute to the process of its (new economy in the making) healthy growth.

4. The first point of practical importance, in regard to which decision has to be taken, is as to whether the shape of things to come in the next five years is to be governed by these assumptions; and if the answer to this question is in the affirmative, its implication to the future of the Khadi programme and their practical bearing on the tasks ahead will have to be the subject of consideration and discussion, and early decision taken on the time schedule of the consequential action. We hope that this process will be initiated very early and completed within a reasonably short time. As already stated, in some of the Intensive Areas, more than a thousand decentralised centres, some *gramdan* villages and, possibly, also in some of the community development projects, ground has been prepared for making this approach a working hypothesis of the development programme. We propose that 100 units, consisting of 50 villages and a population of about 25,000 persons per unit, should be selected, and the pre-conditions of genuine earnestness of purpose, intelligent understanding

of this approach, and active support and participation of the people in it be fulfilled in the selected areas. If the funds now available for the selected Intensive Areas, *gramdan* villages, community development projects are pooled together and, if necessary, supplemented, these 100 centres of pilot work would, possibly in a year, but certainly in two years, provide experience for the more extensive application of this approach in the country as a whole. The selection of these centres should be carefully made; and a real sense of urgency brought to it (selection). The staff for manning these centres should also be very carefully selected and given intensive but short course of training. It is to be presumed that the selected personnel would already have an aptitude for, training in, and experience of, integrated work in rural areas; and their selection would be mostly attributable to their known flair and proved ability for social craftsmanship of a high order, *i.e.* capacity to inspire confidence in the villages, bring out and tap the hidden reserves of the people, discover and give opportunity to local leaders and create spirit of common endeavour for the new, social purpose. Given these qualities in the selected staff, short, intensive course of training should be adequate for launching these projects and making them undertakings for real, social adventure.

5. Even when these selected centres have provided the necessary experience and the programme can be extended to the country as a whole, it is, as we have pointed out already, to be understood that the process of expansion will be a matter of organic growth and, therefore, cannot be reduced to any fixed time schedule. We are, therefore, not attempting to draw up a programme, according to which Ambars will be manufactured and distributed, training institutions established, service centres provided and targets of production and sale for the country as a whole and the different States and regions fixed. Even on a rough calculation of *per capita* consumption of Khadi of 8 yds., if cotton is locally grown, locally spun, locally woven and locally consumed 2,000 million sq. yds. of Khadi would have to be produced. This is nearly one-fourth of the total requirements of cloth in the country. *Per capita* consumption at the rate of 8 yds. is, however, a very uninspiring aim and much more has to be attempted. Though we cannot draw up a time schedule for the expansion of production and sale of Khadi, we do hope and expect that Khadi would meet anywhere from one-third to two-fifths of the total textile requirements of the country, if Khadi programme is reorganized according to our proposals.

6. In the next plan, adequate financial provision has to be made by the Centre and the States for contributing liberally in money and assistance towards the execution of the programme. Most of the expenditure would be, of course, needed for building up the new cooperative economy at the basic level; but a separate provision for Khadi programme itself would also be needed. We assume that, if otherwise favourable conditions can be created for the implementation of the programme, finance itself would not at all be a bottleneck. As

we have stated, the problems of finance will really become much less difficult and, possibly, solve themselves, as this programme of the development of new economy gets under way; but there should be no hesitation whatsoever in making liberal provision for the implementation of Khadi programme to the limit of its inherent capacity. On input-output basis, we are fully confident, it would more than justify itself and, therefore, has to be viewed as a very rewarding proposition from the national standpoint.

7. The problem of Khadi, we have made it clear, is really the problem of building up the new economy in the villages. If the latter can be established and brought into an efficient working order, the problem of Khadi will solve itself. If this cardinal point is appreciated and made the basis of an earnest endeavour, a future for Khadi can be predicted through which dreams of all who have worked for it under a self-denying ordinance imposed by themselves would come true. Our fervent hope is that they will.

Gyanchand
(*Chairman*)

R. S. Dhotre
(*Member*)

J. D. Sundram,
(*Jt. Secretary*)

Bombay,
Feb. 24. 1960

CHAPTER 27

CONCLUSIONS AND RECOMMENDATIONS

Since 1953, there has been a continuity of purpose and earnest effort to provide the necessary drive and central direction for the development of Khadi and village industries. The problems and difficulties have been faced with understanding and, in some cases, even against odds, a steady effort has been maintained to overcome difficulties; and in the Ambar programme, significant departures have been made to open up new vistas of advance and achievement. The fact that the programme of decentralized village industries has been linked with the whole programme of national development and social change, has created wider opportunities of fulfilling the objects with which the programme was started in the years of struggle for freedom in a broader context and better prospect of success. This line of advance is of great potential importance and has to be followed with increasing understanding of its basic importance to the growth of the national economy as a whole. (3.26)

2. An analysis of disbursements on traditional Khadi shows that expansion of production was confined to a few States. An analysis of disbursements on the Ambar programme confirms our earlier conclusion that no serious attempt to extend Khadi work to new areas was made even in the Ambar programme. An analysis of distribution of Ambars further confirms this conclusion. (4.9, 5.24 and 5.30)

3. It is obviously desirable that the worthwhileness of spinning competitions should be periodically assessed to know how far expenditure incurred on them is justified by results. (4.24)

4. Traditional *charkha* has, ever since the beginning of Khadi as an organized movement, remained, relatively speaking, an inefficient instrument of spinning; and in spite of some earnest efforts, output per man-hour has remained the same for the last 40 years; and there is no prospect of the position materially changing for the better. The vicious circle of low output, low wages and even falling real wages has continued because of technological limitations of the *charkha*. It was to break this vicious circle that Ambar was introduced, and it was expected that efficiency of output would continue to rise higher and higher. Traditional Khadi was, in this context, expected, relatively speaking, to lose its importance, and Ambar become the basis of the development of Khadi. This has not happened, and production of traditional Khadi still remains the dominant element in Khadi programme. We are definitely of the opinion that the inability to assign to traditional Khadi the place it was intended to have and should have, accounts for the Khadi plans having miscarried. The position, therefore, has to be reviewed, and traditional Khadi assign-

ed its proper place as the main constituent of production for self-use, and production for self-use only. (4.36)

5. The serious shortcomings of the Ambar programme are due, in a large measure, to the poor quality of training and its insufficiency. It is clear that in the selection of trainees sufficient care was not taken to assess the willingness of trainees to operate Ambars for improving their economic conditions. (5.34 and 5.37)

6. The analysis of production of cloth under the Ambar programme shows that traditional *charkha* yarn contributed a substantial portion of the reported production; and its contribution to total production may be taken to be higher, if allowance is made for the time-lag between production of yarn and its conversion into cloth. (5.41)

7. An analysis of the production of Ambar yarn and cloth in different States shows that under-utilization is common to all States in the country, the extent of under-utilization being somewhat smaller in Orissa and Madras. We estimate that about 40 per cent of Ambars distributed may be taken to be idle. There is, however, considerable under-utilization among even the 60 per cent of the so-called active Ambars. (5.44 and 5.46)

8. The work done in the C.D. Blocks is poor in volume and in quality, and no attempt has been made to implement the recommendations of the Khera Committee. Moreover, the C.P.A. and the Khadi institutions have moved in independent orbits of their own and have not contributed materially to each other's achievements and activity. (5.54 and 5.60)

9. Ambar has had a special place of its own in the preparation and implementation of the Khadi programme. Improvement of technique, which it provided for and promised, held out the prospect of increasing production and productivity, raising the level of wages and making a material contribution to the reduction of unemployment in the rural areas. Actual production, however, has fallen to as low as 1.82 hanks per day per Ambar, as against 6 assumed by the Khera Committee. Though the earnings have increased, they have not increased in proportion to the organizational effort and investment. (5.59)

10. Increased output per unit has led to embarrassing surplus of production, and the institutions have slowed down the rate of expansion and are displaying considerable amount of reluctance to go ahead with the programme of Ambar development. (5.42 and 5.59)

11. Ambar has not proved to be a unit which can be maintained and repaired by the spinners themselves, and special service facilities have had to be provided for the purpose. (5.59)

12. The atmosphere of buoyancy and hope, with which the programme was introduced in 1956-57, has given place to great deal of scepticism, and in some cases, even gloom resulting in the loss of the institutions' initial interest and enthusiasm for Ambar. (5.59)

13. The problem of marketing has assumed serious dimensions as a result of accumulation of large stocks of yarn and cloth, and conditions at present are not favourable for further expansion of Ambar production. (5.59)

14. Some of the more important conditions, which were specifically mentioned by the Khera Committee as necessary for the successful introduction and development of the Ambar programme, have definitely not been fulfilled. Consequently, the benefits accruing to the artisans and the community have fallen short of the expectations and the potentials of the programme. (5.60)

15. These rather depressing conclusions do not, however, logically point to the overall conclusion that Ambar programme has to be written off and should have no place in the development effort of the community. The logic of the facts in the rural areas points to the inescapable necessity of making the decentralised sector, including Ambar, an important constituent of the economy as a whole and rural economy in particular. It is necessary to make Ambar an integral part of an all round effort to create a new rural economy and base it upon different premises of thought and action. (5.61)

16. It would appear that the bulk of the expansion of work under both traditional and Ambar Khadi programmes has been in the areas where the institutions had organized Khadi work prior to the appointment of the All India Khadi and Village Industries Board. During the last six years, institutions have intensified their activities in the traditional areas and districts. The increase in the number of institutions or agencies in several States has resulted not in extension of Khadi work to new areas, but in a further concentration of work in the same areas, where the old institutions were already working. (6.4)

17. Between 1938 and 1958-59, the relative position of different States and institutions with a few exceptions has remained more or less the same. The only major changes in the relative position of different States since 1953-54 have been in Andhra, Punjab and Rajasthan. Even in Andhra, production centres of the Commission are in areas where the A.I.S.A. had organized Khadi work. (6.5)

18. In selecting centres of activity and allocating responsibility to different institutions for the implementation of the Khadi programme, there does not appear to have been any attempt to correlate work with the incidence of unemployment and under-employment. (6.6)

19. In spite of sizeable increase in production, nearly 80 per cent of the total production of traditional Khadi consists of cloth woven from 8's to 16's. (6.9)

20. During the six-year period, there has been no appreciable shift to the production of finer counts of yarn and cloth in traditional Khadi. The introduction of Ambar and production of higher counts of yarn

has been a source of difficulty, because of the general reluctance of handloom weavers of the requisite skill and efficiency to take to weaving even Ambar yarn. (6.11)

21. The technical improvements effected in the quality of production during the six-year period are confined to improvement in the general quality of yarn, production of qualitatively better and larger number of varieties of cloth from counts between 8's and 16's and expansion of facilities for dyeing and printing. (6.13)

22. Notwithstanding the acceptance of the original proposals of the Board by the Planning Commission, there has been no effort to expand production of woollen Khadi. There has been no research to improve hand-spinning of wool. We regard the lack of any earnest effort to improve the spinning instrument or raise the level of efficiency in spinning and weaving of wool a serious omission. Decentralized spinning and weaving has great possibilities, particularly in the States in which raw material is available in abundance. We do hope that in the next stage of development, this omission would be more than made up. (6.15)

23. It is, in our opinion, necessary to review the whole position in regard to the continuance of rebate on the sales of woollen Khadi, particularly coarse blankets. There seems to be a *prima facie* case for its discontinuance; and if the results of the enquiry show that the rebate is not resulting in improvement of quality, higher earnings for spinners and weavers, or even expansion of sale, it should be withdrawn and the whole effort concentrated upon improving the technique of spinning and weaving, and creating an organization equal to the task of making woollen Khadi a significant source of woollen cloth for the country. (6.16)

24. The quantity of production of silk under the auspices of the Khadi Commission is negligible in relation to the availability of raw material and the quantity of cloth produced on handlooms. Although the Silk Committee of the former Board recommended the expansion of production on a planned basis, particularly with endi and non-mulberry varieties of silk, no scheme for the expansion, development and research has been prepared or implemented. Khadi silk industry has still to be developed on a properly planned basis. (6.19)

25. We are of the opinion that to protect the interests of artisans engaged in hand-reeling of raw silk and to assure rearers a minimum standard price, on the one hand, and to develop and expand production of pure silk and waste silk, on the other, production and expansion of pure silk and silk waste yarn and cloth should be unified, and only one agency be charged with the function of carrying out this task. We are also of the opinion that the Khadi Commission should be assigned this function, and take measures to bring about planned and rapid development of this industry. (6.20)

26. The Silk Board, of course, is and should continue to be in charge of administering all projects for the improvement and expansion of silk rearing. All stages after rearing fall very properly within the scope of the Commission. Development of this industry should be organized on a cooperative basis, for which there is considerable scope; and the Khadi organizers should take up this work with earnestness and a sense of urgency in view of the intensity of exploitation in this decentralized sector of the industry. (6.21)

27. It is necessary to introduce intensive research in silk spinning and weaving. We hope that this will have a definite place in the programme of research. (6.22)

28. Rebate on retail sales of silk is not necessary and should be discontinued. Development and expansion of the industry, particularly training of artisans, can and should be financed as a developmental project. Financial assistance for promoting the marketing of raw silk and cloth should be provided on a progressively expanding scale. We assume that Silk Board will continue to discharge the function of developing, scientifically and in relation to the planned development of the silk industry, silk worm rearing and plantation of "host" trees, *i.e.*, mulberry, endi, etc. (6.23)

29. The market for Khadi has lost a great deal of its elasticity, and consumer resistance is a factor to be seriously reckoned with. Accumulated stocks is only a partial measure of this resistance. What is required is, however, not slowing down the rate of expansion, but an examination of the whole position from the point of view of making local markets far more important than they are at present in the disposal of Khadi. (6.30)

30. Three-fifths of Khadi sales are in urban areas and two-fifths in rural areas, and the proportion of sales in the urban areas has been steadily increasing. (6.35)

31. In the whole Khadi programme in practice, the urban rather than the rural markets have, relatively speaking, acquired increasing importance; and the need for reversing this trend is, in our opinion, not getting its due attention. One of the basic objectives of Khadi, *i.e.* producing mostly for local consumption, has been and is being lost sight of. In a number of States not only the relative importance of production but also of sales outside the State has been increasing. This also, in principle and from practical standpoint, is against the explicit injunction of Mahatma Gandhi. (6.35)

32. The analysis of production and inter-State sales shows that a very high proportion of production of Khadi enters into inter-State trade; and the incidence of transport and other distributive costs on prices of Khadi is heavy on that account. (6.38)

33. Production of goods to suit local demand and a systematic effort to produce varieties now imported from other States, can largely

help eliminate these movements and, therefore, materially reduce transport costs and, therefore, prices. The fact that this is not being done is not due to any insuperable difficulties, but unwillingness and inability to break new ground. (6.39)

34. Generally speaking, Khadi work has been organized and developed on a substantial scale mostly in areas, which do not grow raw cotton. There is no relation between cultivation and availability of cotton and production of yarn and cloth in various States. These facts are a sad commentary on organization of Khadi work in the country, and show disregard of its essential principles. (6.40)

35. According to the Indian Central Cotton Committee, in almost all States the soil and climate are suitable for the growth of different varieties of raw cotton. The programmes drawn up by the Indian Central Cotton Committee are generally directed to suit the requirements of cotton textile mills; and practically no thought has been given either by the Khadi Commission or the Central Cotton Committee to the importance of adjusting cotton cultivation to the needs of Khadi. It is really surprising that an object, which was put in the forefront of Khadi work, did not receive attention even of the A.I.S.A., and since then, has been practically neglected. In theory, local cultivation of cotton is the basis of Khadi programme; in practice, it has been lost sight of altogether. It is essential to give local cultivation of cotton its due place in the plans for the future, because the successful development of a decentralized textile industry depends very largely on the local cultivation of cotton. (6.41 and 42)

36. *Prima facie*, it appears that cost per yd. of Khadi manufactured with Ambar yarn, or the mixed variety in which Ambar yarn is used for warp and traditional *charkha* yarn for weft, should be lower by 3 annas per yard than Khadi manufactured exclusively with traditional *charkha* yarn, because the cost per hank of Ambar yarn is 0.75 as. less than the cost of traditional *charkha* yarn. (7.27)

37. Expenditure incurred on the salaries of the staff employed at the production centres run directly by the Commission in different parts of the country, production centres organized in Intensive Areas and in the production centres organized and run by the Government of Madras, is not debited to Khadi account. These production centres, however, receive rebates and subsidies at the same rates as the institutions, although the entire costs of management are borne by the Commission or by the State Governments. This is an unsatisfactory state of affairs and obviously needs to be corrected. (7.29)

38. Another anomaly is that most Khadi institutions in the country debit to the cost of production 20 per cent as the management and establishment charges, although, in many cases, the actual costs of establishment are known to be smaller. Costing of Khadi needs to be placed on a scientific footing, and all over-head expenditure brought into trading account, and some measurable relation established between actual over-head costs and entries in the accounts. (7.30)

39. The price of cotton constitutes one-fifth of the total costs of production. Reduction in the prices of Khadi cannot be effected unless earnest efforts are made in every State to produce local varieties of cotton. Expert opinion available indicates that satisfactory varieties of cotton can be grown almost in every part of the country; and unless development of Khadi is based upon supply of local cotton, one of the important factors on which the reduction of cost of Khadi depends, cannot be brought into play. (7.31)

40. Although handloom weavers are available in most Khadi producing areas, the rates of wages paid are considerably higher than for corresponding varieties of handloom cloth, owing to the inferior quality of hand-spun yarn and their unmistakable preference for mill yarn. We are of the view that the weaving skill can be transmitted from one State to another; and if a deliberate, planned effort is made to train local weavers and, if necessary, to assist weavers to migrate to areas of yarn production, movement both of yarn and of cloth can be reduced to the minimum. If the production of yarn can be woven into cloth of designs suited to the local demand, the transport cost of yarn and cloth and, therefore, of costs and prices, can definitely be reduced. (7.32)

41. *Samyukta* spinning model holds out the promise of producing 10 to 12 hanks per day, as compared with the average output of 1.82 hanks per day on Ambar. If productivity of spinners can be stepped up to 8 to 10 hanks per day, and full-time work on Ambar becomes the rule, weavability of the yarn will improve; and weaving of Ambar yarn will no longer present the problem it has so far. Unless earnest efforts are made to reduce avoidable movement of cotton, yarn and cloth, and productivity is increased, prices cannot be reduced. (7.33)

42. Economies at present inherent in Ambar have not yet been realised; and if further economies are, as they can be, realised through increase in output and reorganisation of the Khadi programme, the price differential can be reduced, and Ambar made a truly viable proposition both from social as well as other standpoints. (7.34)

43. Effective employment on Ambar on the basis of 4 hours of work per day would appear to be not more than 110 days. In terms of man-days, i.e., 8 hours a day, employment provided would be only 55 days in the year. The average earnings on Ambar amount to Rs. 53 per year. (8.13)

44. Productivity on Ambar reflects the extensive under-utilisation of its productive capacity. If we take into account also the much higher investment in Ambar, i.e. Rs. 90 as compared with Rs. 3 to Rs. 10 on traditional *charkha*, it is clear that the additional investment involved has not given proportionate returns in additional production or employment. This indicates the need for reorganizing Ambar production with a view to realising its potential. (8.14)

45. Making allowance for the greater difficulties in weaving hand-spun yarn and, therefore, lower output per day, and taking productivity at 5 instead of 6 yds. per day, employment provided by Khadi programme to weavers is for 149 days in the year for the country as a whole. On the basis of 25 days a month, weavers find employment in Khadi for about 6 months a year, on the average. At the rate of 6 annas a yd., the earnings of weavers amount to Rs. 275.87 per year. (8.18 and 19)

46. The position of Khadi weavers, from the point of employment and earnings, is very unsatisfactory. Weaving is a whole-time occupation, and the weaver takes to other occupations in the villages or in towns only when his earnings fall short of his minimum needs, or he is completely idle. We are told that Khadi weavers, in spite of the rule that they should weave hand-spun yarn only, are known to weave mill yarn also in several places in several States, but this fact has, in practice, had to be ignored. (8.20)

47. Hand-spinning on both the traditional *charkha* and Ambar provides part-time employment to women from the lower middle-class in both rural and urban areas. The average earnings of a spinner on the traditional *charkha* are Rs. 20 and on Ambar Rs. 53. The duration of employment is on the average 150 days in the year and for a period of 3 hours or less a day. (8.22)

48. In terms of full employment, i.e. 8 hours per day and 300 days in the year, employment provided was for 1.7 lakh spinners. On the same basis, the number of weavers employed full-time is 40,150. Inclusive of the 67,000 persons employed in related jobs, the total employment provided by Khadi was for 2,77,150 persons. Real wages of spinners on traditional *charkha* have not risen; and though the wages of spinners on Ambar have increased, they have fallen far short of the potential of Ambar. The earnings of artisans in Khadi cannot be considered to be a material contribution to the mitigation of their poverty. (8.23 and 8.30)

49. The failure to relate development programmes to the incidence of unemployment and under-employment is primarily responsible for the wide-spread under-utilisation of Ambar, and the continued low level of earnings of spinners. Improvement in the technical efficiency of the spinning instrument will avail little, unless the present approach to the development of Khadi is amended and is made to accord with the basic objectives of Khadi. (8.31)

50. The success of Khadi has to be measured by the employment that it provides, and the level to which it raises the wages. Hand-spinning on traditional *charkha* has been and has to be a supplementary occupation; but even as such, its efficacy from social standpoint has to be judged by its ability to utilise available idle manpower and contribute to the family income of the spinners. From this point of view, the contribution of Rs. 2 per month per active spinner is obviously

inadequate; but when the facts that, in real terms, the rate of wages and, therefore, earnings are only two-thirds of what they were in 1939, and efficiency of the spinner and his total output has been practically stationary since hand-spinning was undertaken on an organised national scale, are also taken into account, the position becomes definitely disquieting. Khadi workers are definitely of the opinion that this level of wages cannot be increased without raising the price of Khadi beyond the means of most of its customers. The outlook for the spinner, in the present context, is anything but reassuring. This fact, by itself, is a chastening commentary on the present position, and suggests the urgent necessity of re-thinking on and re-organization of the whole Khadi programme. (8.32)

51. The prospect of Ambar becoming a more efficient instrument is definitely in view; but the problems of realising the full potential of Ambar and providing market for Ambar yarn and, therefore, for cloth, cannot be solved without reorganization of the Ambar programme on an entirely different basis. Ambar, in its conception and in practice, provided a new technical basis for Khadi programme, but it required a very different context to realise its possibilities. The concept of Khadi, speaking broadly, is suited to the facts and needs of the situation, but calls for organizational and social changes of far-reaching character, which can be carried out. (8.33)

52. The recent decision of the Commission to reduce *swavalamban* subsidy from 2 as. to 3 nP. per sq. yd. is questioned by institutions, which have organized genuine self-sufficiency. This subsidy has been the main source of income for maintaining their workers. We are of the view that the whole question needs to be reviewed; and in cases referred to by us, subsidy at the rate of 2 as. per sq. yd. should be continued, until such time these units can find alternate source of income for maintaining their workers. (9.9 and 9.10)

53. In view of the fact that both the rates of wages and the earnings of the spinners are very low, and have fallen considerably in real terms, the practice of compulsory deposits by spinners is open to serious criticism, and not in keeping with the true spirit of self-sufficiency. This practice of not including sales to artisans in the figures of production for self-consumption is wrong and ought to be discontinued. The spinners should use cloth woven from self-spun yarn, and the incentive to do so has to come from within. This is not the case now; and our view that this practice ought to be discontinued, if acted upon, would right a real wrong. (9.17)

54. Where pressure of population is known to be high and incidence of unemployment and under-employment about the greatest, self-sufficiency scheme has failed to make any appreciable progress. The reasons for this failure are not known. As the payment of three-fourths of the weaving charges has failed to act as a strong incentive, there is urgent need for a full and careful investigation. (9.18)

55. The scheme of self-sufficiency has not achieved its real object and needs to be revised in the light of the need for full utilization of idle manpower, the utmost use of local resources and reduction to the minimum the avoidable movement of goods. This will amount to planned rationalisation of production, sale and distribution of commodities, which can and should be made one of the most important features of the development of the economy as a whole. (9.19)

56. Owing to the unequal distribution of training institutions, distribution of expenditure on training between different States was not only uneven, but unrelated to the estimated volume of production. Distribution of training institutions among the different States was not related to the volume of Khadi activities in individual States, but was mainly determined by availability of experienced workers, willingness to undertake the responsibility and the need of small institutions for trained personnel. (10.16)

57. There has been considerable non-utilization of training facilities and wastage of funds provided for training of Extension Officers of Community Development Ministry. The work done in most C.D. areas has been meagre, and reflects generally the lack of appreciation of the need for, and the importance of, the specialised training of the Extension Officers in village industries, and accounts for the failure of the C.P.A. to accomplish anything really worthwhile for the development of Khadi and village industries. (10.19)

58. A review of the various training programmes shows that, in the actual implementation during the last six years, the recommendations of the Training Survey Committee in respect of the selection of trainees and provision of training facilities for the local artisans have been ignored. The courses of training have been periodically changed without reference to the needs of the development programmes in different areas. The training programmes have not been planned in relation to the requirements of trained personnel for the development programmes. There has, therefore, been wastage of training facilities and expenditure on establishment and maintenance of training institutions. (10.26)

59. Most of the trained personnel lack social awareness and understanding of the importance of their work. This aspect of the training programme has not received its due attention; and lack of understanding and appreciation of its importance has caused serious deficiency in the social outlook and approach of trained workers. The training programme of the Commission has fallen considerably short of some of the important requirements of the development programme. (10.28)

60. Even an attempt has not been made to train workers for Intensive Areas. The need for training workers for carrying out this experiment of great importance and social significance has been lost sight of. (10.29)

61. The progress achieved in the organization of cooperatives in the handloom industry presents a striking contrast to the record of achievement in the organization of Khadi cooperatives. Khadi cooperatives present special problems of their own; but even in Khadi weaving, cooperatives have not made any advance to speak of; and this may be taken to indicate the depressed state of Khadi weavers. The poor record of achievement in organizing cooperatives of Khadi weavers is possibly due to the absence of earnest effort rather than of any serious difficulty. We take this record as a measure of missed opportunities which has to be made up for. The relative success achieved in the organization of cooperatives for village oil and palm gur industries as compared with Khadi suggest the need for serious self-criticism and assessment of the causes of this significant failure. (11.29 and 11.30)

62. Review of both the growth and operation of Khadi cooperatives shows that no serious attempt has so far been made to reorganize Khadi work in the country on cooperative lines. The position of Khadi cooperatives under the Ambar scheme also is unsatisfactory, because their role in the organization of production, training and manufacture of Saranjam, etc. is altogether insignificant. The absence of enthusiasm of certified institutions in general, and the Khadi workers, in particular, has been primarily responsible for the very slow progress made in organizing Khadi work on cooperative lines. (11.31)

63. The decentralisation of Khadi and its expansion and development as an integral part of the programme for the reorganization and development of the rural economy and the establishment of new social order will not be possible, unless the programme of reorganization on cooperative lines is given the very highest priority. (11.31)

64. We estimate that one-half of the total expenditure on the Intensive Area Scheme has been incurred for the development of Khadi. We are in no position to indicate the contribution or the bearing of the effort at integrated development of the rural economy as a whole, with self-sufficiency as one of its objectives, on the Khadi programme. (12.15)

65. In the Intensive Areas also, the problem of accumulating stocks has risen and, in spite of the advantages of local production and local sales and, therefore, reduction of overheads, transport and distributive costs, price structure of Khadi is exactly the same as in the rest of the country. (12.19)

66. The Evaluation Committee for the Intensive Areas pointed out the need for great improvement of collecting and processing data on the Intensive Area Scheme. This need still exists. Data we needed to assess its contribution were not made available to us. (12.20)

67. It is a matter of regret that expenditure of Rs. 75 lakhs on the development of Khadi in Intensive Areas has no lessons for us, from

the point of view of the economies and benefits that can be realised through a programme of integrated development of Khadi and village industries. (12.21)

68. It is highly desirable to turn to good account the spade work in integrated development, which the scheme aimed at and has presumably tried to bring about. It has many commendable features; and it is obviously worth-while to build as far as possible, on what has been achieved through the expenditure of nearly Rs. 2 crores of public funds, in carrying out an experiment of real promise and great potential. (12.21)

Technical Research

69. Technical Research in decentralised spinning and weaving derives its importance from the fundametal need for improving technique and reducing physical strain, cost and price of Khadi. Improvement in technique has to be a continuous process. This has been recognised. Ambar was the first real break through the old traditional methods, but it was only the beginning of a new phase in decentralised spinning; and improvements at all stages from ginning to weaving have to be steadily aimed at and achieved. (13.38)

70. There is need for closer coordination of research and planning it on a much wider scale. The results obtained so far indicate a fair level of progress and hold out the hope that productivity of Ambar can really be raised, cost can be reduced, wages can be increased and the gap between Khadi and mill cloth prices can be substantially narrowed. If research is more liberally financed and systematically developed. it can lead to good results. (13.38).

71. We do not envisage any limit whatsoever to the improvement of technique and its introduction in practice, including the use of power. Khadi, through a succession of changes, can be produced on power-operated spinning and weaving appliances, and yet remain Khadi, in the truest sense of the word. It is the social setting and social significance of the process that will give it its meaning, and not the mechanical and technical process used in production. We, therefore, attach the very highest importance to technical research and improvement, assuming that the social context will be fully borne in mind and its integrity of purpose kept in tact. (13.39 and 13.40)

72. Expansion of Khadi programmes has provided employment to a very large number of clerical personnel at the Commission's headquarters and in its field offices. The number of workers with the Khadi institutions to attend to the purchase and sorting of yarn, maintenance of accounts, etc., has also increased. The number of responsible organizers has hardly increased. The old workers have to carry on an unduly heavy burden of responsibility. The organization, therefore, is suffering from lack of devolution of authority, functions and powers. (14.4)

73. Certified institutions in the country are agreed that the bulk of the newly recruited personnel generally lack the right spirit, awareness of the problems in the villages and intellectual capacity to deal with them. The better qualified among them, who are known to be competent, are drawn away from the institutions by the attraction of higher pay scales and allowances to the State Board or the Community Project Administration or the Intensive Area Scheme or the Zonal Office of the Commission or by even the Commission's head office itself. Personnel available to them are generally poorly educated, ill-equipped for their important work and, on that account, most institutions have not been able to organize Khadi work in new areas or develop activities which calls for initiative or social sense. (14.6)

74. The remuneration offered by the State Boards and the Commission is twice or thrice as high as what the institutions are in a position to pay; and the result is that a large number of well-qualified personnel have left the institutions. (14.9)

75. Institutions are all agreed that all the newly trained instructors in spinning and weaving, and a number of organizers trained by the *vidyalayas* have very little practical knowledge of the working of the production centres and, therefore, are generally not capable of taking independent charge. The training programme of the *vidyalayas* should be revised so as to give the candidates a proper grounding not only in the ideology of Khadi work, but also in the practical requirements of the work in the field. Only adequately trained workers can relieve the pressure of work on the old, experienced workers, and gradually learn to replace them. (14.10)

76. Although old seasoned workers with a record of selfless work and devotion to duty are still available and generally at the helm of affairs, their proportion is decreasing, owing to rapid expansion of work. The most important aspect of the matter, however, is that the new personnel in the Commission's Zonal offices, State Boards and the institutions are, in most cases, not sustained in their work by deep, genuine interest, and are lacking in understanding of the need for and personal allegiance to the work that has to be done. Even if the anomalies of scales of salaries and allowances could be removed, and scales of pay and conditions of work equalised, the gap between available capacity and the qualities required for the discharge of essential duties would remain. The heritage of the past is being fast depleted, and the prospect at present of drawing upon the old reserves and building up new ones is far from reassuring. The problem of creating a cadre of devoted and capable workers at different levels for development and transformation of the entire economy of the country is a matter of serious concern. (14.12)

Financial Analysis

77. The Commission's decision to confine the payment of production and of sales subsidy to small institutions only will not involve any

hardship to the bigger institutions, as the contribution they receive in the form of subsidies on production and sales do not materially increase the funds at their disposal (15.10)

78. Repayments of loans actually do not amount to their liquidation out of surplus earnings of institutions, as instalments of old loans are made out of new loans advanced by the Commission. If productive units are to accumulate their own capital, they will have to realise surplus earnings out of the sales proceeds of their products, *i.e.* proportionately raise the price of their goods. The implication of this does not seem to have been understood in laying down the terms of repayments and is not yet clearly appreciated. The institutions cannot possibly sell their products at cost, if they have to build up their capital reserves. (15.13)

79. Loans may be granted free of interest; but it signifies liability created by development of Khadi. As Khadi institutions are not building up any reserves, a full appraisal of their financial position is necessary. The bearing of repayment of loans from fresh loans, and the grant of loans interest-free should be taken into account. This is a measure of additional assistance, which has been given out of State funds, but which has not been brought into Khadi account. The interest accruing on them should, therefore, figure in the accounts as a development charge. (15.13)

80. The differential scale of financial assistance available to handloom weavers organized in cooperatives has made it more difficult for Khadi institutions to get weavers for Khadi weaving. (15.16)

81. Whereas development expenditure is a legitimate charge on the public exchequer, working capital and investment should be made from the accommodation made by the financial institutions. The technical difficulties, which have so far disabled the Commission to get financial accommodation from normal financing agencies, do not seem to present any insuperable obstacles, and it should be possible to devise measures by which the Khadi Commission and Khadi institutions can draw upon the liquid funds of the community for meeting their requirements of working capital. (15.24)

82. The principle of institutional provision of working capital to decentralised industries and also for meeting their long-term needs in some cases, has been accepted by the Government of India, the Reserve Bank, the State Bank and the Cooperative Banks. Khadi institutions and cooperatives are, in our opinion, entitled to financial accommodation, at least on equal terms with other decentralized industries. It has now been generally admitted that the credit-worthiness of individuals, corporate units and other institutions should not be assessed in proportion to their assets; but the purpose for which advances are needed, and the actual records on individuals and corporate units should be the basis of assessing credit-worthiness. In Khadi, this principle has yet to be introduced, and it has to be recognised that it has even greater validity. Advances have to be

given to the various units operating in the Khadi programme on the basis of trust, *i.e.* confidence, and not on any evaluation of their assets, fixed or otherwise. Khadi has to move forward on the basis of the quality and trust-worthiness of its workers, and the conviction, competence and devotion to duty that they bring to bear upon their work. If this condition is realised in actual practice, the integrity of the programme, as a whole, and intelligent and intensive application of the necessary efforts for its implementation, would be the greatest guarantee of the credit-worthiness of Khadi. (15.26)

83. The whole question of providing short and long-term financial needs of all decentralized industries should be treated as one problem, and measures taken to create and develop an organization which will assume responsibility for financing all these industries, taking into account the needs of a particular industry. (15.27)

84. Investment-output and investment-employment ratios worked out on the commonly accepted basis seem to indicate that the country has obtained favourable returns from the investment in Khadi. If the total expenditure is taken as the basis for calculating these ratios, it will be seen that it costs the country Rs. 1.45 outlay for a rupee worth of output and Rs. 557 for one person employed at extremely low level of wages. (15.39)

85. It is true that wages of Khadi artisans have to be compared with wage rates prevalent in rural areas. It will not be possible to raise rural wages to the level of urban wages for some time to come. The present disparity between the two is a measure of the depressed state of labour in rural areas, and raising the level of wages and income of the workers in Khadi industry has to be the prime consideration of the reorganization of the Khadi programme. (15.39)

86. Utilization of the idle manpower in India is one of the real keys to greatly accelerating the pace of economic development of the country, and Khadi can be one of the most important means for it. Unless it gives a level of wages worth working for, and its production is coordinated with greatly accelerated development of the economy as a whole, these ratios do not have any real social import and have to be interpreted subject to these reservations. (15.40)

Organization

87. The Certification Committee performs very important functions, and it is necessary that it should have adequate staff for the satisfactory discharge of its duties. (16.6)

88. We are informed that in a number of cases, actual disbursement of funds has been delayed by as much as three months after the approval of the Standing Finance Committee. There is still scope for more expeditious disbursement of funds sanctioned by the Commission. (16.8)

89. Cotton still continues to be bought at markets which are at considerable distances away from the centres at which it is required; and its price is, on that account, loaded with high transport costs. The Cotton Purchase Advisory Committee has yet to make a material contribution to the implementation of the Khadi programme. (16.11)

90. Although since its appointment the Saranjam Standardisation Committee has approved a number of improvements after laboratory and field tests, very little has been done to introduce even the approved improvements and innovations. Delay in the introduction of *samyukta* model is another illustration of the urgent need of giving this matter its due consideration. (16.13)

91. The Commission, through the Khadi Experiments Grants Committee, has to take active steps to stimulate and support individual and local initiative in suggesting and applying technical improvements. Such innovations need to be fully encouraged and supported through technical guidance and financial assistance, however minor they may be in their importance. Cumulatively, they will have substantial effect. (16.17)

92. In view of the need for and importance of developing Khadi programme through cooperatives, there is need for the Cooperative Advisory Committee to acquire a real dynamic of its own. This Committee has failed to acquire and develop the needed sense of urgency in regard to the formation and working of cooperatives. For the development of Khadi in future, this Committee will have to become the most important instrument of reorganizing the whole Khadi programme and will have to be equal to its tasks. (16.18)

93. Most of the Zonal Offices are at present over-staffed in relation to both the quality of service and the number of functions assigned to them after the constitution of State Boards. Zonal Offices have, generally, not been able to influence the quality or quantity of work, and have been by-passed by the more important and influential institutions in the Zone. If State Boards are reorganized and cured of the serious defects, from which they have been and are suffering, they should be able to assume supervisory and coordinating functions, and it would be unnecessary for the Commission to have its Zonal staff for the purpose. (16.22).

94. Khadi institutions in the country look upon the centres organized by the Commission, not as partners but as rivals. The continuance of such feeling and attitude is not only avoidable, but contrary to the spirit of Khadi. Attempt should be made to transfer these centres as soon as possible to agencies, such as cooperatives, registered institutions or State Boards. The Commission should confine its activities to the provision of financial assistance, technical and economic research and major policy issues, and leave the actual implementation of the programme to other agencies. (16.24)

95. Only 10 big institutions in the country count in the production and sale of Khadi, and the execution of the entire programme. The

non-availability of senior staff capable of assuming responsibility is one of the factors responsible for non-extension of Khadi programme to new areas. It is responsible for the inability of Khadi workers to establish personal relations with the artisans or win their confidence. (16.25 and 26)

96. Khadi work organized by State Boards has, generally, been of a limited character. Although several State Boards have publicly avowed their preference for cooperatives, and have, in many cases, initiated their formation, most cooperatives are merely sales societies, formed to have the benefits of rebates and subsidies, and have not benefited the artisans. (16.28)

97. State Boards have not been able to undertake the responsibility for the development of Khadi work in their respective States, and the object for which the Commission desired their formation, has not been fulfilled in most cases. Unless the relation between the State Boards and the institutions are radically improved, and the former (State Boards) enjoy a greater degree of confidence of the latter (institutions) than they do at present, State Boards will not be acceptable to the institutions as substitutes for the Khadi Commission in the execution of the national policy at the State level. This problem has to be re-examined, and the relations of the State Boards with the institutions placed on a different and more satisfactory basis in the interest of accelerated and integrated development of Khadi work in the country. (16.29)

98. Institutions have expressed the view that officers in charge of Community Development Blocks are generally unsympathetic and indifferent to the development of Khadi. Although Khadi is the one industry, which is reported to have been developed on any scale in the Community Development Blocks, the quality of work done is poor, and no planned effort has been made to integrate Khadi with the development programme, even in the pilot areas. (16.30)

99. The implications of the decisions taken at the Conference of 1958 have not been properly appreciated or implemented; and participation of State Boards in the administration of the Khadi programme, instead of resolving old contradictions, has added to them and created fresh difficulties. There is need for Khadi organizations and State Boards becoming truly autonomous, without being in any way involved in the internal politics of the States. This has not happened so far, and is the root cause of the many serious difficulties which have arisen. Corrective action in this respect is urgently called for, and has to be provided for in the reorganization of Khadi work in the country. (16.32, 33, 34 & 35)

100. Although the Commission made several attempts at coordinating its work with that of the All India Handloom Board, there has been no real coordination of work in the field. The continued absence of coordination will probably frustrate the work of both. (16.36 and 37)

101. There is a similar lack of unity of approach and emphasis between the Central Silk Board and the Khadi Commission. We are of the opinion that spinning of silk and production of silk Khadi should be unified, and the function assigned to the Khadi Commission. (16.38)

102. The four experiments in decentralised production of Khadi, as a part of the scheme for transforming and developing the economy of the areas concerned (*i.e.* (i) Gramodaya Khadi Sanghs, (ii) Gramodyog Samitis, (iii) Khadi Gramodyog Kendras and (iv) *Gramdan* Areas) are of great interest for the development of Khadi programme. These experiments are largely based upon local initiative and effort. In all these experiments, besides Khadi, a number of other activities has been organized; and special attention has been given to the development of agriculture as the very centre of development programmes. Attempts have been made to reduce prices of Khadi, through supply of local cotton and provision of weaving facilities locally, further reduction should be possible. We not only commend the work that has already been done, but take it as an expression of spontaneous impulse towards decentralised, integrated development. These centres, Intensive Areas and Pilot Projects will provide special testing ground, in which our proposals are to be implemented in the first instance. (16.56)

103. The critical comments on the report of the Auditor General by the Public Accounts Committee which, on behalf of Parliament, periodically reviews the financial position of the Khadi Commission, according to a view expressed before us, indicate lack of appreciation of the spirit and real needs of Khadi. We consider that this view is worthy of serious consideration, though we ourselves are in no position to express an opinion on it. (16.58)

104. The basis of audit of public accounts, especially the accounts of operating economic units, has to be changed to be in accord with the purpose and needs of a fast changing economy. Assessment of the extent to which the purpose of the programme of planning has been carried out in spirit and in letter, must become the primary function of audit. This point has very special bearing on Khadi. (16.59)

105. Although in a number of cases, financial regulations of Government have been relaxed and even rules framed under the Act amended to make it possible for the Commission and the institutions to draw and spend money according to the exigencies of Khadi work, there is still scope for revising and modifying financial rules and regulations, with a view to eliminating the difficulties hampering the implementation of the development programme. Special rules and regulations should be framed in the light of actual experience, with adequate safeguards against money being mis-spent or mis-applied. The commonsense view that the rules so framed should be to help in the fulfilment of the plans rather than in any way interfere with their implementation, seems not to have been appreciated. In the new programme,

which we have suggested, this question is important and should be acted upon. As the centre of interest and operation has to be shifted to local areas, the whole authority and experience of the Central and State Governments should be used to provide the framework, in which local initiative and local resources can be brought into full play. (16.61 and 62)

106. Organization has been the most serious handicap in the implementation of the Khadi programme. Khadi organization has not been, and is not equal to, the needs of the programme. Real objectives of Khadi have, in some cases, been lost sight of, and there have been errors in direction and in emphasis in actual implementation. There is need for re-thinking and fresh efforts. (16.66)

107. Planning of Khadi production and development has lacked the most essential requisite of planning. Neither the Government of India nor the Planning Commission seem to have, at any stage in the development of this work, pointed out this inadequacy or the need for reviewing it or suggested measures for this purpose. There has been neither planning from above nor planning from below. Lack of coordination and delimitation of powers and functions has been one of the besetting weaknesses of the whole organization and has hampered actual work. (16.67)

108. In the Khadi Commission itself, there has been lack of devotion of authority, procedural inconsistency and proper lines of communications. The size of the Commission has grown with the expansion of work, but its growth has more than kept pace with its growth and its needs. The Commission on that account is lacking in cohesion and capacity for concerted action. (16.67)

109. The point which is specially disquieting, is that in spite of four audits for which provision is made, and in spite of the Certification Committee being specially charged with the duty of seeing that Khadi work conforms to its principles and spirit, the programme as a whole and its workers have not in spirit adhered to its essential purposes, and the gap between the premises and performance of the programme has hardly been noticed; and no provision has been made for concurrent assessment from the qualitative standpoint. Evaluation of the programme, as a whole and in parts, in relation to the criteria implicit in the very purpose of the programme is more important and necessary. Qualitative assessment or "social audit" involves value judgements and appraisal of certain factors which are not capable of exact measurement. This aspect of the matter is relevant to the whole development programme of the country; and the Khadi programme with other development programmes suffers from this serious omission. If "social audit" had been provided for, the accumulation of errors and deficiencies would not have occurred or remedial action would have been taken in time. (16.67)

110. Since 1953, significance of the Khadi programme lies in the fact that it has been sponsored, aided and financed by the Government

as a part of the planned development of the country. Before independence, Khadi was a symbol and an instrument of the nation's effort to bring succour to poorest sections of the community, and a call to the people to dedicate themselves to a higher social purpose. Its social import gained in importance as the movement developed, and became its most characteristic aspect. In the last phase of his life, Mahatma Gandhi emphasized more and more the importance of Khadi as an instrument of the new social order and pointed out the serious limitations of accepting it only as a relief programme. (17.2)

111. Though, in theory, Khadi is a part of the comprehensive effort of the country to raise the standard of living of the people, provide employment and utilise as fully as possible the human resources not utilised otherwise, Khadi programme, as a whole, remains a fragmentary effort, and has, on that account, developed internal strains and stresses. Its results have not only been much below expectations, but it has not developed an impetus of its own or acquired self-sustaining and self-developing qualities. (17.3)

112. Ambar was introduced as a better instrument for the fulfilment of the social purpose of Khadi, but it has run into even more serious difficulties than traditional Khadi, due to the lack of coordination of effort and the programme not being inter-woven with the development of the economy as a whole. (17.4)

113. This indicates the need for re-thinking, revival of the essential purpose of Khadi and discovery of new possibilities of adjusting the programme to the wider needs of the community and utilisation of techniques consistent with its essential purposes. Assimilation of Khadi, in theory and practice, with the social thought and social policy of the country is essential for its development as an integral part of an all round programme of the Third Five Year Plan. This integration would require, in addition to new forms of organization, institutions and inter-relations, a resurgence of the spirit of our people for the development programme as a whole. The process of assimilation implies mass awakening and intense, creative effort based upon vivid awareness and a new sense of direction. We have laid so much stress on these basic considerations because they have, in fact, in some very crucial respects, been lost sight of; and without them, Khadi programme cannot be steered out of the serious difficulties of today and enabled to make a material contribution to the task of building up the new economy, *i.e.*, fulfil itself. (17.5, 6 and 7)

114. The first premise, on which Khadi development programme has to be reorganized, is that it should be an integral part of the development of the rural economy, in which the productive potential of agriculture, industry and trade is raised to a high level, and the community effort plays a more crucial part in development of the economy; and the sections of the population, which are socially depressed and economically submerged, play an effective role. Such an economy can not only become viable and self-sustaining within a short

time, but also create its own surplus for development, within the framework of the cooperative economy in the villages, based upon equality and freedom. (18.2)

115. Khadi was really an affirmation of the view that technique must serve social purposes and not involve disregard or sacrifice of essential human values. Adoption of the highest available technique, within the ambit of social ends of the new rural economy, has to be the primary condition of its development and growth. Improvements, which are in sight, point to the possibility of higher production and output; and further research and experience will bring new vistas of technical performance within reach. (18.3)

116. Khadi has, since 1938, accepted the realization of the social minimum as an essential part of its programme. This minimum has to be revised continuously with the growth of production in order to attain the goal of living wage. While the standard of technical efficiency should be of the highest order, improvement in organization and increase in social momentum are equally important for the realization of this objective. A considerable rise in the level of wages, therefore, has to be one of the primary objectives of the Khadi development programme. (18.4)

117. We are aware that the nation has to be prepared for austerity in order to find resources for large scale investment for adequate development. This austerity cannot and should not begin with the class whom we have in mind. When austerity becomes the general rule and is practised at all levels, the lowest class also can be asked to participate in it. (18.4)

118. The social content of the programme is of fundamental importance. The growth of community sense, the habit of living together in amity and with good-will, the capacity for concerted co-operative effort, all imply transformation of the community with clear understanding of the normative aspects of the life of the new rural economy. It means that the persons who are in the fore-front of the concerted social effort, have to live up to the social norms and create an atmosphere of high endeavour and social earnestness. (18.5)

119. The need for reorganization of the rural economy with a view to utilising fully the total resources of the village for attaining a social minimum for all, is widely recognized, and is likely to form the basis of the development of the economy as a whole in the near future. This view is the greatest common factor in the current trends of opinion on the subject. The proposal for setting up a cooperative framework of village service societies, credit societies, etc., makes the concept more specific and all inclusive. All are agreed that a co-operative framework for integrated development of the rural economy is urgently needed, and all efforts have to be directed towards making it a working proposition. For our purpose, we posit that Khadi development programme would become an important element in the whole integrated development programme and acquire a wider and deeper significance on that account. (18.6)

120. This would mean that a budget of needs and resources would be prepared for every village, group of villages, the area, region, etc., in an ascending order, and the whole structure would have as its base, an all round planned development of the village. For operative purposes, a group of, say, 50 villages with a population of 20,000 to 25,000, could be taken as a working unit. These units, as integral parts of the whole framework, would be planning and acting in concert, and would constitute a single working entity for the diversified development of this area and its constituent parts, *i.e.*, each of the 50 villages referred to above. The core of the development programme would be agriculture. Khadi, as a part of the programme for full employment and prosperity for all, would find its due place in this comprehensive plan and effort. If this can be achieved perfectly, it would really amount to the fulfilment of the concept which has been implicit in Khadi all these years. (18.7)

121. Khadi, in this context, would not only be an integral part of the rural development programme, but of the whole national development programme. It would, on that account, be necessary to articulate all plans of development with the rural development programme. The view that Khadi is merely a matter of relief and has only a vestigial value, would soon pass away. Khadi would not only acquire a sound basis for its development if it is integrated in the way as it should be, but its spirit would permeate the whole development programme of the country. (18.8)

122. Khadi development programme, without any power to raise the people to the desired level of economic and social well-being, will be an empty shell. The greatest handicap that the country is suffering from today is a lack of sense of purpose and willingness to fulfil it with determination and drive. This deficiency has to be removed if the nation is to go ahead in the right direction, with the tempo which the situation urgently calls for. (18.9)

Institutional Framework

123. In any organizational change that may be needed, flexibility would remain a very important consideration, and it would, therefore, be essential to provide for growth from within of the various organizational units. It has to be assumed that the whole pattern of development will be informed by a sense of unity of social purpose, and that the development programme release and bring into play new powers of great potency and creative intent for changing the face of the rural areas in particular, and the country in general. The new organization, from the point of view of Khadi programme, would have to provide for (i) a very considerable expansion in the production of Khadi, (ii) main reliance on Ambar, with all the improvements that can be, immediately or in the near future, introduced for implementing production programme of individual self-sufficiency, (iii) planned production corresponding to the pattern of local demand, (iv) regulated movement of Khadi cloth within each State and between States,

and (v) a rising level of technical efficiency, output per manhour, decreasing costs and prices, and improvement in quality. It would, however, take time before such organization could begin to function fully; and transitional steps would have to be planned in order that new developments may not cause any dislocation or give rise to any bottlenecks. This would necessarily involve that the realization of the purpose of the programme would very largely depend upon, the degree to which the whole programme of production and social change can in practice be realised. The schematic pattern of organization we have presented, provides for continuous adjustment suited to conditions and circumstances. (19.1, 2, 3 & 4)

124. In our view it would be desirable to constitute a unit for 4 or 5 villages, roughly with a population of 2,500 persons or 500 families. In this area, decentralised autonomous production unit should be established, in which (a) 100 Ambars should be distributed among carefully selected families; and (b) a service unit, with a competent mechanic and one or two local carpenters, and a well trained organizer, should be provided; and certain technical aids like new carding machines should be made available. These units should be established in centres, where they can most usefully be developed taking into account the existing facilities, the needs of the people and their level of social consciousness. Concentration of production, which is now the rule, should be purposely corrected; and the balance redressed in favour of the areas, which have so far not received their due attention. In the areas where Khadi work is practically non-existent and the need is the greatest, expansion of production on a planned basis should be initiated, and its full possibilities realized with necessary care and speed. Basic units should cater to the needs of the families of the poor peasants and/or landless classes where full-time utilisation of Ambar can be reasonably assured, and earnings of the family raised to the social minimum, *i.e.*, Ambar should be plied for 6 to 8 hours and the family produce 6 to 8 hanks of good quality yarn and, taking the working period to be 200 days in the year, the total output of 1,200 to 1,600 hanks per year may be expected. Twenty-five weavers would be needed to weave this yarn and they should be a part of the full complement of the personnel of the basic units. Thirty to forty thousand yards of Khadi would be produced locally at this rate. At the rate of 12 to 16 yards per capita of population, this production would probably have to be supplemented by certain varieties of hand-woven cloth from mill yarn and mill cloth to meet the demand for cloth of the local market. Each basic unit, in cooperation with other basic units, would plan its production and supply of cloth of all varieties for the village and the area. (19.5)

125. The production of 40,000 yards of cloth in the basic units would ensure an income of about Rs. 200 a year to the spinner and about Rs. 600 a year to the weaver. This would itself mean a great improvement on the existing position. The benefit of higher efficiency and lower cost should, as a rule, be shared between the producer and

the consumer, and partly take the form of reduced prices. At the present level of output, the present rates of wages should be continued; and the benefits of larger production should accrue to the spinners and weavers. At the later stages, however, the consumer would share the benefit of higher output, and Khadi would possibly be made available to him at lower prices. This level of production and sales can be attained and maintained, only if there is a corresponding expansion of local purchasing power through an all round programme of development and production. (19.6)

126. At the beginning, the basic unit will be a decentralised, autonomous, registered society under the Act of 1860. After two years, however, these institutions should be converted into composite cooperatives, consisting of spinners, weavers, mechanics and the organizers, and become a part of the complex of the agricultural, the credit, the marketing and the industrial cooperatives at the basic level in the rural areas. The basic units for Khadi production, from the very start, should be organized on the assumption that it would be one of many cooperatives functioning at the basic level for an all round development of the area covered by the basic units. These basic units would have to be constituted with utmost care and brought to the desired level of efficiency, and, in their initial stages nourished with real solicitude for their future by providing adequate assistance and guidance to enable them not only to become self-sustaining and efficient, but also autonomous and fully conscious of their responsibilities and opportunities. (19.7 and 19.9)

The main functions of the basic units would be :

- (i) stocking and distribution of cotton to the spinners;
- (ii) collection and purchase of yarn at periodic intervals;
- (iii) provision of technical guidance, servicing, supply of spare parts and follow-up activities, particularly quality control of yarn to ensure that production of yarn accords with the quality of cotton supplied and later is utilised to the best advantage;
- (iv) production and marketing of cloth in accordance with local demand as far as possible, and planned exports, if any;
- (v) stocking of adequate quantity of spare parts for manufacture of Ambars as well as their maintenance; and
- (vi) consultation and collaboration with other basic units for an all round planned development. (19.8)

127. While these basic units would function as operative units at the village level, 10 basic units with a population of 25,000 persons or 5,000 families, could be taken as an area, for which effective planning for all round development could be undertaken on a coordinated basis. This would be a small federation for Khadi production, and would be affiliated to the union of the area as a whole, which would

function as a federal body for units of different spheres of activity, operating itself as a unit for certain specific purposes. It would plan for production, distribution and sale of commodities of local production. The union of composite basic units for spinning and weaving would be a part of this organization for the whole area, and would play its part in increasing production, income, employment, contributing to the establishment of, and adherence to, the new social norms. (19.10).

The functions of this constituent unit would be :

- (i) implementation of the plans for the cultivation of the varieties of cotton for hand-spinning suited to local conditions;
- (ii) price fixation of all varieties of cloth for sale in local markets within the framework of the price structure of the country as a whole, and making arrangements for sale, either through licensed, local merchants or its own sales stores or later through its own marketing cooperatives;
- (iii) the administration and distribution of financial assistance by the State;
- (iv) audit of accounts and supervision of the working of the basic units to ensure that proper cost accounting is maintained, and social aspects of the programme get their due attention;
- (v) price regulation;
- (vi) planning, control and regulation of inter-unit movement of commodities and the import-export of goods into and from the area;
- (vii) provision of facilities for processing, dyeing, printing and introduction of new designs; and
- (viii) participation in planning, formulation and implementation of the programme for the whole area in cooperation with other unions at the same level, to which all functional units will be affiliated, and which would assume responsibility for all round planning and development of the area as a whole.

128. The constituent unit would be a federal organization of the decentralised, autonomous, basic units, and would be replaced later by the federation of the basic cooperatives, and would itself function as a cooperative society. (19.11 and 19.12).

129. Constituent units referred to above, would form themselves into a registered society at the beginning and be composed of members elected by the basic cooperatives and be responsible to the latter, and work under the guidance and supervision of State federation, the State Board and the Khadi Commission. The success of the programme would depend upon the level of efficiency and responsibility at which it

functions, and the confidence it enjoys of the basic units and the *modus operandi* it acquires of working as an integral part of the development area organization as a whole. (19.13).

130. Constituent units at first form a federation of the decentralised, autonomous units and, later, federation of the cooperatives. Pending these developments, large Khadi institutions, which have played an important part in developing the Khadi programme, should decentralise themselves into constituent and basic units, and during the transitional period, function as a State federation and use their resources, experience and talent for organizing autonomous, decentralised units, and in due course, the composite basic cooperatives and the constituent units. This process, which has to be consciously accelerated and completed within as short a time as possible, should be accompanied by devolution of functions and powers; and the tried and tested workers of these institutions should devote themselves to develop a successor organization with the cooperation and active participation of the artisans in particular and the people in general. (19.14 and 19.15).

131. The State federation will have the following specific functions, besides providing general supervision and guidance :

- (i) planning of cultivation of suitable varieties of cotton in the State as a whole, and selection and allocation of responsibility for production to different areas;
- (ii) purchase, storage and distribution of cotton for the State as a whole;
- (iii) purchase, storage, seasoning, processing and distribution of timber for the manufacture of Ambars for the whole State;
- (iv) allocation of responsibility for production of metal spare parts to different certified workshops, industrial estates, etc.; supervision and inspection of their manufacture according to specifications;
- (v) supervision of production of yarn and cloth, implementation of quality control measures, fixation and regulation of prices of different varieties of cloth for the State as a whole in consultation with the planning authorities of the State, and as a part of the general price structure of the country on an approved basis;
- (vi) provision of technical facilities for improvement of quality of cloth and for processing functions assigned to the constituent units;
- (vii) scrutiny of applications of financial assistance from the areas and recommendation to the State Boards for direct allocation of funds to the constituent units for distribution among the basic units;

- (viii) planning of the Khadi development programme for the State as a whole, with proper regard for the national directives, and the need for realizing the essential social objectives of Khadi; and
- (ix) consolidation of the plans of the constituent units and participation in the process of formulation and implementation of the State development plan as a whole.

132. The members of State federation would be elected by constituent units and have an elected Executive Committee for the discharge of its duties. It will be equipped with its own staff, technical advisers and inspectors. There would be, at the State level, other federations for agriculture, marketing, credit and other village industries, and represent cooperative organization and effort in the various fields. All these federations, being apex institutions of the hierarchy of the various units, would have to be linked up with one another, and plan and act in unison. State federations would have incomes of their own derived from (a) sales of cotton, timber, and spare parts, (b) membership fees paid by area units, and (c) their contribution apportioned among them on some well-defined basis. (19.16, 17 and 18).

133. State Boards should be constituted in the rest of the States, in which they are not in existence. Departmental production and sale of Khadi or by the agencies constituted by State Governments, is neither desirable nor necessary, and, therefore, should be discontinued. These State Boards, properly reconstituted, will have a place of their own in the new organization. The State Boards should be assigned the following functions :

- (i) preparation of plans for Khadi and village industries, in active consultation with the State federations, as an integral part of the development plan for the State as a whole;
- (ii) provision of technical research facilities to assess and assist innovations of artisans in different parts of the State, and transmission of the innovations, which, after primary tests, appear promising, to the all-India research institutions for final appraisal;
- (iii) conduct of pilot experiments either in organization of production or working of improved technique;
- (iv) preparation of a plan in cooperation with the State department of agriculture for the cultivation of varieties of cotton suited to hand-spinning in the experimental and demonstration farms of the State;
- (v) planning of training schemes of organizers, technicians, inspectors and others on the lines laid down on an all-India basis, planning of budget in regard to the requirements of the personnel required for different purposes, selection of trainees, supervision of the training programme;

- (vi) negotiations with the Reserve Bank, the State Bank, co-operative institutions and other financing institutions for obtaining loans on short and long-term basis for working capital and investment;
- (vii) organization of economic research, and collection and compilation of statistical material required for continuous evaluation of the working of price policy and the general requirements of the Khadi development programme in action; and
- (viii) contact and consultation with the different development departments, and anticipation and prevention of anomalies in the general approach and execution of the different economic policies of the State in its different aspects.

134. The State Board, besides planning and executing the Khadi development programme, would draw up a scheme of allocation of funds available for financial assistance in consultation with the State federation, and distribute them among the constituent and basic units. The State Boards would have their own staff and would be constituted, preferably, on a semi-representative basis, through which there will be inter-flow of ideas, views and experience between the various representative institutions. The State Boards should be composed of 5 to 11 members according to the size and population of the State, 5 for the States like Assam and Orissa, 7 for Punjab and Rajasthan, 9 for Madras, Andhra, West Bengal, and Bihar and 11 for States of U.P. and Bombay. In each case, majority of the members should be elected by the State federation and the rest nominated by the State Government in consultation with the federation. The Chairman of the State Board should be an elected member and free from any political bias, as far as possible. The State Boards should not compete with but complement the working of the other units, and contribute to the harmonious and healthy working of the organization as a whole. (19.19, 20 and 21).

135. The Commission should re-fashion itself as an instrument of greater efficiency, and carry out its work with an adequate appreciation of the bearing of the new horizons, which are well within view. If the objectives of an integrated development are to be realized, the Commission should be assigned with the following functions :

- (i) formulation of both perspective and annual plans for Khadi and village industries as an integrated part of the national plan, in consultation with and concurrence of the Government of India;
- (ii) examination and analysis of all national economic policies bearing on the development of Khadi and village industries, and negotiation with the Government of India of the measures needed for the removal of anomalies;

- (iii) technical research for evolving progressively improved techniques in all spheres of activities, and for the appraisal of innovations and study of technical problems referred to it by the State Boards, Federations, etc.;
- (iv) allotment of funds placed at its disposal by the Government of India to the State Boards according to the approved plans;
- (v) coordination of activities of the State Boards;
- (vi) planning, control and regulation of inter-State movement of goods with a view to minimising all avoidable movements of goods, and realizing the principle of maximum advantage in the working of the programme;
- (vii) preparation of training programmes with a view to transmission of specialised skills of one State to the other States as far as possible; dissemination of information and adoption of the new technical improvements on as wide a scale as may be necessary and possible;
- (viii) economic research of all outstanding and emerging problems in relation to the unsolved problems of the programme itself, and fulfilment of the objects of the national development programme;
- (ix) formation of a separate statistical bureau for compiling and processing of statistical material for the purpose of overall evaluation, and provision of data for economic research;
- (x) enunciation and observance of principles governing the loans by the Reserve Bank, the State Bank, Apex Co-operative Banks and other financial institutions; and
- (xi) keeping social objectives in the forefront of the whole programme and contributing what it can to the development of the necessary drive for carrying it out fully and consistently.

136. The Commission would require Directorates for supervision and regulation; and these Directorates should be so staffed that their officers inspire general confidence, raise the level of thinking and action to the level suited to the new needs of the programme, and infuse and maintain the right spirit in its working. (19.22 and 23).

137. The Commission would consist of 5 members, selected by the Government of India out of a panel of 10 names drawn up by the Advisory Board. The Commission will perform executive functions in consultation with and consent of the Advisory Board, *i.e.*, All India Khadi and Village Industries Board, consisting of 20 members, of whom 17 will be selected by the Government of India out of a panel of 34 names suggested by the State federations, and 3 nominated by the Commission. The Board and the Commission will have a common

Chairman, nominated by the Government of India out of the members of the Commission. All State federations, except Bombay and U.P., will elect two members each, and Bombay and U.P. will elect four members each. Out of the total 34 names, Government of India will select 17 members. These 34 members would also draw up a panel of 10 names, either from among themselves, or from persons who have interest and experience of the Khadi development programme; and out of them, the Government of India would select five members, including the Chairman. Members of the Commission, with the exception of the Chairman, will not be members of the Board, though they will have the right to attend these meetings and participate fully in its discussions. (19.24).

138. The Sarva Seva Sangh has played a role of cardinal importance since the introduction of the Khadi programme and its guidance would be of great service to the Board and the Commission. (19.25)

139. U.P., Bihar and Madras have already introduced measures of decentralisation to a certain extent. State Boards and the Commission should deliberately adopt policies of constituting decentralised, autonomous units. Other institutions should have no difficulty in finding their place in this new organization. Location of the institutions would, however, have to be reconsidered as a problem of a more even distribution of production centres, owing to the fact that there is considerable concentration even of the small institutions at present. The old veteran Khadi workers will continue to guide the new development and give to the new workers a sense of continuity. The new institutional framework, which has to be set up to carry out the urgent task of the future, should have not only the all-pervading spirit of the development programme of the country as a whole, but should maintain its animating spirit, true to the implications of original purposes of Khadi, and its fuller realization in the new programme. (19.26)

Planning : Objectives and Technique

140. As the reduction of under-employment and unemployment has to be the primary objective of the Khadi programme, in the planning technique, active participation of the community has to be deliberately included and applied with social skill and right social strategy. The needs of the people have to be assessed on the basis of a social minimum, determined with reference to nutrition, housing, health and other essential needs of the people, including the need for raising their level of culture.

141. Use of different varieties of cloth, as of other commodities, will be determined by uninhibited utilisation of people's purchasing power, subject to the conditions as may be imposed by the people themselves with reference to plan, budget, needs and resources. State and Central assistance and guidance, financial, technical and administrative, would be needed at all levels, but its real purpose will be to stimulate faster development, local initiative, self-help and concerted effort. The most important asset, *viz.*, available manpower, should

be converted into both capital and income through the introduction of Khadi. Spinning, therefore, has to be directed to the realisation of this paramount objective, and budgeting of resources would largely mean allocation of manpower to the various needs of the community. (20.1, 2, 3, & 4).

142. The units of production of various commodities will vary according to the industry, commodity, technique used in production, and the extent of the market for it. An area covering 50 villages, with a population varying from 20,000 to 25,000, would be suitable as a unit of planning and development. This area should have a planning and development board of its own, to which should be affiliated all functional units in that area; and the plan should be formulated and executed under the direction and regulation of the planning and development board of the area. This board should be a representative institution and enjoy the confidence of the people of the area. The plans will have to be formulated in consultation with, and cooperation of, all functional units, and will have to be fitted into and adjusted to the State and national plans. (20.5).

143. Self-sufficiency as an integral part of the whole development programme does not necessarily exclude inter-flow of goods between areas, States and countries. This must continue and correspond to the principle of the maximum social advantage from the point of view of the community. Trade will have to be planned carefully so that all concerned will be benefited by the movement and exchange of goods. Price differentials, search for profits arising out of territorial price differences, and other familiar reasons for the movement of goods may, for the time being, find a place in the planned exchange of goods; but its primary purpose will be to export commodities in real surplus in each area and import others from areas where the supply of the latter is relatively abundant, and where they can be produced at less real cost. As marketing cooperatives at all levels would, according to the current trends, be eventually responsible for most of the movement of goods, supplemented by State trading—to the extent to which it may be necessary and unavoidable, they will be the agencies through which trade-plan of each area will be carried out, and its needs provided for in order of social priorities. The main objective of trade, internal and external, should be to rationalise and socialize it by planned effort. The system of pooled costs would become necessary and possible through planned trading on a corporate basis; and this social device would be one of the most important means through which stability of prices would be secured and maintained. (20.6).

144. Such a plan should essentially be devoid of internal conflicts and inconsistencies. The basic objective of the plan should be a convergence of all measures and policies, the extent of which would be measured by its contribution to the successful achievement of various principles incorporated in it. Not only trade policies but also policies relating to price, credit, communications, etc. will have to be prepared and executed with interest in, and solicitude for, the basic

plans. Khadi would become a part of the core of the entire rural development programme, which will become the focus of attention and consideration for the economy as a whole. Khadi, in the context of the new economy, that we have in mind, would have, qualitatively and quantitatively, far greater importance than has been assigned to it by its most ardent supporters. (20.7).

145. To the integrated development plan that we have outlined, common production programme and common price policy within the framework of the national policy would be essential. The new economy with its moving equilibrium will set its own targets, and unfold more and more fully its own potential. In other words, what is required is that the implications of "planning from below" should be fully understood and acted upon, and the new plan framed according to them should be, essentially speaking, not a technical but human and social proposition. Its increasing success would depend upon the extent to which the human factor is brought into play. (20.8).

Self-sufficiency

146. Essence of self-sufficiency is full utilization of human resources in the context of an economy based upon production for use. In a plan for integrated development, with an emphasis on utilization of human resources for an all round increase of production in every field the economic life, the principle of self-sufficiency will acquire far-reaching importance and all-inclusive applicability. There will be self-sufficiency on a national scale, realized not through local autarchy, but a rationalized, socialized economy operating for the realization of human values for the good of the community as a whole. The implementation of our proposals, in the spirit in which they have been conceived, would produce its result and amount to fulfilment of the original purpose of liberation from the inhibitions of the market economy. It would really mean realization of full employment and elimination of both unemployment and under-employment. (21.3).

147. The traditional *charkha* will continue to have a place of its own in producing yarn for use of the family, which should be woven at subsidized rates. (21.4).

148. In spite of the incidence of unemployment and under-employment on a large scale, the need for mitigating it has, in practice, not received its due attention. The reasons for this reluctance have to be carefully investigated. If it is found that special measures have to be taken to remove the cause of social inertia, the necessary steps should be taken on a well-thought-out and coordinated basis. The basic, composite cooperatives, which would become the agency for carrying out the Khadi programme in future, would give this matter their earnest attention and do what they can to promote self-sufficiency. (21.4).

149. If the programme is in full working order and there are no unutilized idle resources, individual self-sufficiency will become a hobby

of the family and not its economic necessity. Until such time, self-sufficiency programme should continue and be supported by subsidized conversion of yarn into cloth at the present rate. (21.4).

150. In future, self-sufficiency, from the point of view of community, would mean full utilization of the human resources, production for use and reduction of the movement of goods to the limit necessary to realize the principle of maximum social advantage. Liberation from the illusion of money would be achieved in practice, and self-sufficiency would become the all-pervasive principle of the national economy. (21.5).

151. *Swavalamban* is not only compatible with exchange of goods on a inter-personnel, inter-village, inter-regional, inter-State and international basis, but it really involves rationalization of the distribution and movement of goods, in terms of real needs and resources, and the highest common good. *Vastraswavalamban*, from this point of view, would be not a relic of some mediaeval economy, but a rational premise of a new decentralised cooperative economy. (21.16).

Personnel

152. The staff employed in the execution of the Khadi programme has in many ways fallen short of its needs. Though the organization of the programmes proposed by us will be the primary responsibility of new leaders elected by spinners, weavers and other artisans, in the initial stages, properly trained organizers with high sense of duty would be needed. The guidance and experience of the present veteran Khadi workers would be available during the transitional period; but the future of Khadi work depends on the new leaders. Unless a new cadre of earnest and competent workers can be made available, the programme cannot be given effect to and brought to fruition. Therefore, there is need for finding and placing the right men in the right places. (22.2).

153. Since the Khadi work has to be integrated with the development programme of the rural areas and also of the country as a whole, the scope and significance of the work becomes very much wider. In such a context, the task of selecting, training and orienting Khadi workers would become more difficult. Their scales of pay will have to be the same as those of the other development workers. They will have to be given specialized training in the right approach, the right social philosophy and the right standard of conduct. The method and manner of recruiting, the period of training, the syllabus and its implementation would have to be prepared as a part of the programme of training of the whole cadre of development workers. The basic training of all the development workers would, probably, be the same. The whole question of training will have to be approached from a different angle, and the syllabus drawn on that basis. (22.3 and 4).

154. It will be essential to estimate the requirements of trained personnel on the basis of the nation-wide development programme to

be undertaken in the next few years, and start in right earnest the programme of large scale selection, recruitment and training of personnel. They would have to be employed and paid by the State Boards, and the expenditure met from public funds. Higher scales of pay cannot by themselves guarantee the supply of right type of workers. It is, however, necessary that social minimum, which has to be the same for all development workers, including Khadi workers, should be provided for. The existing disparities are not only wrong in principle, but have a disturbing effect in practice; and they cannot and should not be continued. This implies the need for building up a new salary structure for the whole development administration. This is one of the tasks which is as inescapable as it is fundamental. (22.5).

Cost Structure

155. To Khadi has to go the credit in this country of having raised, from the beginning, the issue of the lack of accord between the price structure and cost and income structure in real terms, *i.e.*, in terms of social well-being. This disparity has to be eliminated; but till that happens, transitional measures have to be taken to reduce it as far as possible. (23.2)

156. It has been maintained that the differential between Khadi and mill cloth will remain inevitable, and for the promotion of Khadi the community must bear the cost of the differential. If Khadi remains what it is today, the inevitability of this differential may be accepted and Khadi taken as a relief programme. This, obviously, is not an acceptable position. (23.2)

157. The high cost of Khadi is due to low productivity, inefficient organization and adoption of certain other wasteful practices. The community can assume the obligation of paying part of the high cost, if there is some assurance that the cost will be eventually reduced through the correction of each of the causes; and the earnings of artisans and other workers will be raised to the social minimum. This assurance, at present, is completely lacking and has to be created. (23.3 and 4)

158. The causes of high costs and low wages are remediable and should be remedied. While the remedial steps are being taken, the State should provide the necessary financial assistance; and during that time, Khadi should move from its present condition to a position of inherent strength, higher level of productivity, better organization, higher earnings and better living conditions of the producers. In the Third Five Year Plan, the main problem of Khadi planning is the problem of providing for this transition. This is a part of the bigger problem of thinking out premises, on which cost and price structure of the economy, as a whole, has to be built up, and evolving and implementing a new price policy for the whole country. In concrete terms, this means, so far as Khadi is concerned, that cotton should be locally grown, there should be arrangements for getting it spun and woven

in the villages where cotton is grown, and production and consumption of cloth should be local. Reorganization of the Khadi programme should be undertaken for the purpose of establishing more or less a parity of prices of textile products, because it is not desirable to limit the free choice of the consumer or to throw any additional burden on him. (23.5)

159. We have provided an illustrative analysis to show how productivity and earnings of spinners and weavers can be raised in successive stages, differential between Khadi and mill cloth of comparable varieties can be narrowed and subsidy reduced. This, however, involves even during these stages, the introduction of a system of pooled prices. The system of pooled prices, provided the bulk of the local consumption is met by local production, would not involve any fresh burden, but would remove the price differential. (23.7 and 8)

160. This would mean the extension and application of regulating prices of units with varying costs of production, and equalising their sale price through the formation and operation of an equalisation fund, which is now being successfully applied to steel and a number of important commodities. Distribution of goods would have to be regulated on a planned basis, and no movement of goods would be permitted, which is not in the interest of the community or the needs of the economy. Pooling of Khadi and mill cloth should be taken as a part of the system of parity prices of all commodities produced under conditions of varying costs. (23.8 and 9)

161. We have assumed that the expansion of production and sale of cloth will be a part of the increasing prosperity of the people through the all round economic development of the rural areas on an integrated basis. This development, due to local organization, local initiative and local enterprise, is likely to generate its own surplus, and provide capital resources for an all round development and materially contribute to capital accumulation. (23.10)

162. Our illustration indicates that we can well set ourselves the task of progressive reduction and eventual elimination of any type of spoon-feeding for decentralised textile production. This would also mean that the extent of unemployment and under-employment in the villages would, as the programme gets under way, be very materially reduced; and after sometime, its complete elimination would not appear as formidable as it does today. Khadi would have its own part in bringing about this consummation, though it may not be the only or the major factor for achieving this objective. (23.11 and 12)

163. Rebates and subsidies and other contributions are needed as necessary props while the decentralised economy is being built up. These props should not be indefinitely needed for the support of Khadi or any other decentralised industry. We are definitely of the opinion that Khadi needs props, which it should be able to do without in a

reasonably short time. We are not in favour of indefinite continuance of public contributions for making Khadi a working proposition. (23.12)

Financial Assistance

164. The rebate on the sale of Khadi at the rate of 3 as. per rupee should be maintained until parity has been realised between the cost price of Khadi and mill cloth. If economies that are possible are fully realised, rebates can be dispensed with. For the time being, rebate has to be maintained at the present rate and attempt made to reduce progressively the price differential between Khadi and mill cloth. (24.3)

165. Subsidy on production and sale at the rate of 6 pies each can be withdrawn. (24.4)

166. The question of the continuance of the payment of rebate on retail sales of woollen Khadi, particularly of coarse blankets, needs to be reviewed. (24.4)

167. If administration of the silk Khadi programme is entrusted entirely to the Khadi Commission, and research in silk reeling, spinning and weaving is seriously undertaken and improvements made in the cost and quality of silk Khadi, it would attain strength and efficiency, and go ahead on its own merits. Silk Khadi does not need any rebate and subsidy, owing to the fact that most of the buyers of silk are people of means and can pay the price for meeting its production costs. (24.4)

168. For the time being, the commission given to Khadi institutions for *vastrasavalamban* at 2 as. per sq. yd. should be continued. We assume that the State would appoint development officers to organize the new integrated economy and pay their salaries. When that happens this commission can be dispensed with. (24.5)

169. According to our proposals, the traditional *charkha* will be used almost entirely for production for use, and no subsidy will be needed by those who ply it for their own consumption. Subsidy for the purchase of Ambar has been availed of only to a very limited extent. *Samyukta* Ambar costs about Rs. 65 at present. Its cost can be further reduced if it is produced on a mass scale. If our proposals are implemented, spinners would be earning per year Rs. 300 and more. They can easily purchase this instrument themselves, if they are given loans repayable over 10 years. The subsidy on the purchase of Ambar, therefore, can and should be withdrawn. (24.6)

170. Development expenses for training, research, etc. are a legitimate charge on the State exchequer and have to be provided for in the Central and State budgets. Khadi, in due course, would be able to become self-financing to a certain extent. For the present, liability

for providing funds for development expenses has to be the joint responsibility of the States and the Centre. (24.7)

171. With decentralization of cotton cultivation and organization of production and sale mainly on local basis, the proportion of working capital to total outlay on Khadi is likely to decrease. Both for investment and working capital, institutional finance should be utilised. It is, however, necessary to evolve a unified scheme, under which investment and working capital requirements of all decentralized industries, can be provided for. The scheme introduced by the Reserve Bank and the State Bank of India for meeting credit requirements of handloom cooperatives and small-scale industries are well-conceived and have to be fully developed. The funds needed by production units of Khadi can be channelised through cooperative banks, and the latter can be assisted by the State Bank of India and the Reserve Bank. (24.8)

172. Loans for Khadi may for a time continue to be interest-free; but the magnitude of the liability involved on that account should be known, and charged to the Khadi development account. Definite allocation should be made in the development budget of Khadi for granting interest-free loans. Later, the question of granting interest-free loans should be re-considered on its merits. If Khadi is properly organized, and its spirit fully expressed in the new programme, it is a better risk than any other client. At present, financial agencies are unduly conservative in their assessment of credit-worthiness of Khadi. We are strongly in favour of Khadi being considered eligible for financial accommodation by institutional agencies and earnestly recommend that investment and working capital for Khadi be provided without making any unnecessary reservations. (24.8 and 24.9)

173. Khadi should, in due course, be in a position to meet its own financial requirements to a considerable degree, but this would depend upon the economy at the basic level being able to utilize its human reserves to the full, and convert them into income and productive assets. Financial counter-part of our proposals have to be viewed in this context; and if that is done, it (financial counter-part) will not remain purely a financial proposition, but be taken as a part of the concerted efforts of the community to become self-sustaining and self-propelling. (24.11)

Auxiliary Activities

174. We attach great importance to technical research. From the standpoint of the success of the Khadi programme, there is enormous scope for original work. We are of the opinion that there is need for closer cooperation between the two institutions, which are in charge of research. We, however, consider that technical research must be undertaken by national laboratories. Small-Scale Industries' Service Institutes and other laboratories run by Universities and the State. These

must give technology of decentralized industry their very earnest consideration, and a planned programme of research on a nation-wide basis should be prepared and implemented. (25.2)

175. We are of the view that the scope for, and the implications of, the cultivation of tree cotton should be investigated. If it is clear that cultivation of cotton should be ruled out in certain States or in parts of some States, the question of introducing Khadi in such areas must be seriously reviewed. (25.5)

176. We are of the opinion that the economic research section should be reorganized, placed on a higher level of efficiency, its staff greatly strengthened and its most important, if not the only, function should be to conduct applied economic research on short and long-term basis. Economic research as technical research, should be not merely the function of the research section of the Khadi Commission. The State Boards and the State Federations should introduce and carry out programmes of economic research; but even more than this, the various economic research institutes and the universities, and the economic research programme of the Planning Commission, should make economic research in the field of decentralized industries their very special concern. (25.7)

177. It appears to us that preservation and development of traditional designs in weaving should receive greater consideration than it has received so far. At first, a special section of the Khadi Commission could well make a beginning in developing the folk tradition in Khadi. Degeneration in the articles of everyday use, including cloth, has to be arrested. The object of this process should not be to preserve the antiques, but to maintain an intimate relation between the artistic content of weaving and other modes of production and life of the people, as a changing and growing process. This matter should receive serious consideration in the reorganization of Khadi programme, and the current practices in designing and printing should be fully assessed, and their possibilities of growth investigated, and, as far as possible, realised. (25.8)

178. The tribal people are an important element in the life of our nation and are its sacred trust. We are convinced that an integrated approach is of special importance for the development of tribal areas, and should receive, on that account, more earnest consideration. (25.10)

179. If and when it is considered necessary to introduce Khadi through the Social Welfare Board, it should be considered a part of the general integrated programme and related to the other beneficent activities of the Board. (25.11)

180. Khadi in borstal schools can be usefully introduced. (25.11)

181. Genuine basic schools would find integrated development especially suitable for their working and growth. Disposal of yarn

and cloth produced in basic and borstal schools should not be considered a part of their normal programme. (25.12)

182. Jails have certain special advantages which ought to be utilised for the extension of Khadi work. We are of the opinion that this question be seriously considered, and Khadi work in jails organized on an extensive basis. (25.13)

Next Step

183. What is urgently needed is that policy decisions should be taken at the very highest level at an early date and measures conceived, devised and implemented for making decentralized, cooperative economy the most important assignment for the nation as a whole. (26.1)

184. We propose that 100 units, consisting of 50 villages and a population of about 25,000 persons per unit, should be selected, and the pre-conditions of genuine earnestness of purpose, intelligent understanding of the approach we have suggested, and active support and participation of the people in it, be fulfilled in selected areas. If the funds now available for Intensive Areas, *gramdan* villages, Community Development Projects are pooled together and, if necessary, supplemented, these 100 centres of pilot work would, probably in a year but certainly in two years, provide experience for the more extensive application of this approach in the country as a whole. The selection of these centres should be carefully made, and a real sense of urgency brought to it (selection). The staff for manning these centres should also be very carefully selected, and given intensive but short course of training. (26.4)

185. It is presumed that the selected personnel would have an aptitude for, training in and experience of integrated work in rural areas; and their selection would be mostly attributable to their known flair and proved capacity to inspire confidence in the villages, bring out and tap hidden reserves of the people, discover and give opportunities to local leaders, and create spirit of common endeavour for the new social purpose. (26.4)

186. Even when these selected production centres have provided the necessary experience and the programme can be extended to the country as a whole, the process of expansion will be a matter of organic growth and cannot be reduced to any fixed time schedule. Though we cannot draw up a time schedule for expansion of production and sale of Khadi, we do hope and expect that Khadi would meet anywhere from one-third to two-fifths of the total textile requirements of the country, if Khadi programme is reorganized according to our proposals. (26.5)

187. The problem of Khadi is really the problem of building up the new economy in the villages. If the latter can be established and brought into an efficient working order, the problem of Khadi will solve itself. (26.7)

APPENDIX 1

Khadi and Village Industries Commission's Resolution No. 303 of January 8, 1959

"Resolved that under the powers delegated under Regulation No. (14) of the Khadi and Village Industries Commission Regulations, 1958, a Committee consisting of Shri R. S. Dhotre of the Sarva Seva Sangh and Dr. Gyan Chand, Economist, be and is hereby appointed to undertake the assessment, appraisal and evaluation of the progress made in the implementation of its programme regarding development of Khadi (including Ambar *charkha* programme) industry so far undertaken by the Commission in the various parts of the country. The Committee will also assist in assessing the influence exercised by the programme in the reordering of the economy as originally conceived by its sponsors. Amplification of the broad terms of reference is contained in Schedules (D) and (E).

2. The Committee, which shall submit its report to the Board not later than the 31st May, 1959, shall associate with it in connection with its work, the representative(s) of the Khadi Gramodyog Samiti of the Sarva Seva Sangh resident in the State concerned.

3. The members of the Committee shall draw travelling and daily allowances in respect of their journeys in connection with its work at the rates to be decided under the orders of the Chairman of the Commission, the expenditure being met out of the funds sanctioned for the purpose of grant of such allowances to experts, invitees, etc.

4. Further resolved that the Government of India, be requested to permit Shri K. P. Parameshwaran, Assistant Director (C.I.) in the Ministry of Commerce and Industry, to work as the Secretary of the Committee along with Dr. J. D. Sundram, Director of Economic Research. Officer in the Commission's Directorate of Economic Research concerned with the development programme of Khadi may be appointed to work as the Committee's Assistant Secretary.

5. Further resolved that the Chief Executive Officer shall make available to the Committee such staff as is required by it in connection with its functions."

Amendment to the above Resolution : Khadi and Village Industries Commission Resolution No. 323 of February 9, 1959.

"In modification of the Commission's Resolution No. (303) adopted in its meeting on the 8th January, 1959, resolved that Dr. Gyan Chand, Economist and Shri R. S. Dhotre of the Sarva Seva Sangh will work respectively as the Chairman and the Member of the Committee."

APPENDIX 2

No. 25(65)/58-VIC/KVI

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 11th February, 1959.

22nd Magha, 1880.

MEMORANDUM

SUB.:—Setting up of Working Groups for Evaluation Khadi and Village Industries Programme.

The undersigned is directed to state that it has been decided to set up Working Groups to evaluate the progress in the development of Khadi (including Ambar *Charkha*) and Village Industries during the Second Five Year Plan. The constitution of the Groups will be as follows :—

I. *Working Group for Khadi and Ambar Charkha Programme :*

- | | |
|-----------------------------|-----------------|
| 1. Dr. Gyan Chand | Chairman |
| 2. Shri R. S. Dhotre | Member |
| 3. Dr. J. D. Sundram | Joint Secretary |
| 4. Shri K. P. Parameshwaran | Joint Secretary |

II. *Working Group for Village Industries Programme :*

- | | |
|------------------------------|--------------------------------|
| 1. Shri R. S. Hukkerikar | Chairman |
| 2. Shri A. P. Choudhuri | Member |
| 3. Shri T. S. Gokhale | Member |
| 4. Shri Chhaganlal N. Joshi | Member |
| 5. Shri S. R. Nagappa Shetty | Member |
| 6. Dr. J. D. Sundram | Member-Secretary
& Convener |

2. The evaluation of the programmes for the various industries should *inter alia* cover the following :—

- (1) Provision made and the actual expenditure in the first three years and the main items on which the expenditure has been incurred;
- (2) (a) Increase in production/levels of development and employment achieved as a result of the outlay;
(b) Improvements achieved in techniques of production and quality of products;

- (c) Increase in the earnings of artisans;
 - (d) Number of persons trained and the number of trained persons absorbed in the industry;
 - (e) Increase in exports of products or diminution in imports of corresponding products.
- (3) Improvements in administrative and organisational set up for the efficient implementation of the programme, with special reference to the progress of industrial cooperatives.
 - (4) Short-falls in expenditure, if any, below the provisions made and the reasons therefor.
 - (5) Short-falls in production/development, if any, below the targets or levels of development envisaged and the factors accounting for the same.
 - (6) A general appraisal of the extent to which the results achieved have been commensurate with the outlay, with particular reference to the cases in which the results have been poor or disappointing. (The appraisal should include an examination of the extent to which the industry has been stabilised and thus enabled to reduce its dependence on subsidies, Government assisted marketing, Government finance and other forms of Government assistance).
 - (7) An assessment of the extent to which the short-falls in (4) and (5) above were due to, temporary causes or special difficulties of an unavoidable character and how far they are due to the basic weaknesses of the programmes or limiting conditions of a durable character.
 - (8) Lessons of experience for the Third Five Year Plan.

3. The Working Groups may from time to time coopt Directors of Industries from the various States for specific periods and for specific purposes.

4. The report of the Working Groups may be submitted to the Ministry by the end of May, 1959. Before finalisation of the report, however, the Groups might discuss the same with this Ministry at which a representative of the Planning Commission will also be associated.

5. Monthly progress reports may be forwarded to the Ministry (in triplicate).

Sd./-

(H. K. Bansal)

Under Secretary to the Government of India

To

The Chief Executive Officer,
Khadi and Village Industries Commission,
Post Box No. 482, Bombay-1. (with 20 spare copies).

No. 25(65)/58-VIC/KVI

Copy forwarded for information to :—

- (i) The Chairman, Khadi and Village Industries Commission, P. B. No. 482, Bombay-1.
- (ii) Shri K. P. Parameshwaran, Assistant Director, Cottage Industries, Ministry of Commerce and Industry. Shri Parameshwaran will be working part-time with the Working Group for Khadi. In this connection, he is requested to contact Dr. Gyan Chand at 'NYARA' 5/4-B, Roop Nagar, Delhi.
- (iii) Planning Commission.
- (iv) Evaluation Unit.
- (v) Estt. II-A Section.

Sd./-

(H. K. Bansal)

Under Secretary to the Government of India

APPENDIX 3

Institutions and places visited by the Khadi Evaluation Committee and persons interviewed from 11-3-1959 to 12-7-1959

State	Name of the Institution	Date of visit	Representatives met
1. Andhra	Hyderabad Khadi Samiti	11-3-1959 and 12-3-1959	1. Shri D. G. Bindu, Trustee, 2. Shri Srinivasa Rao, Trustee, 3. Shri Vasudeva Naik, Secretary, 4. Shri Damodar Pangrekar, Asst. Secretary, 5. Shri Satya Narayan Singh, Incharge, Ambar Charkha Programme, 6. Shri Chandorkar, Production-in-charge, 7. Shri Phadke, Incharge, Government Supplies, and others.
	Zonal Directorate, Khadi and Village Industries Commission, Meeting at Tadpatri.	16-3-1959	1. Shri P.V. Raghavan, Zonal Director, Kakinada. 2. Shri Kodandaraman, Production Organiser. 3. Shri D.R. Harkare, Area Officer, Tadpatri & others.
2. Madras	Government of Madras	18-3-1959 to 20-3-1959	1. Shri R. Parthasarathy, Director of Khadi, Madras. 2. Shri Swaminathan, Dy. Director of Khadi. 3. Shri Somasundaram, P.A. to Director, Khadi. 4. Shri C. Muthuswami, Asstt. Director. 5. Shri R. Govindaswami, Asst. Director (EKS). 6. Shri N. Ramachandran, Accounts Officer.
	Tamilnad Sarvodaya Sangh. Zonal Directorate, Tirupur.	21-3-1959 to 23-3-1959	1. Shri V. Ramachandran, Secretary, and others. 2. Shri M.S. Narayan Rao, Hon. Zonal Director.
3. Kerala	Kerala Khadi and V.I. Board, Trivandrum.	23-3-1959	1. Shri K.P. Gopalan, Minister for Industries. 2. Shri Janardhan Pillai, Member. 3. Shri Ikkanda Warriar, Member. 4. Shri Sridhar Menon, Secretary. 5. Registrar of Cooperative Societies. 6. Director of Industries.
	Intensive Area, Nemom.	24-3-1959	1. Shri Hariharan, Assistant Organiser. 2. Shri Nair, Organiser. 3. Shri Ramasubramanian, Dy. Zonal Director.

State	Name of the Institution	Date of visit	Representatives met
	Zonal Directorate, Trichur, Kerala Khadi and Village Industries Association, Trichur.	25-3-1959	1. Shri Balkrishna Marar, Secretary, and others.
4. Mysore	Mysore State Khadi and V.I. Board, Bangalore.	25-3-1959 to 27-3-1959	1. Shri G. V. Hallikeri, Chairman, and other Members of the Board, 2. Shri Mali Mariappa, Minister for Industries, 3. Smt. Lilawathi Magadi, Dy. Minister for Rural Industries, 4. Shri Kollur Mallappa, 5. Shri S.R. Nagappa Shetty, Member, All India Khadi Board, 6. Shri B.T. Pethambara Rao, Special Deputy Registrar, 7. Shri C. Puttaraj Urs, Dy. Director, Textiles.
	Mysore Charkha Pracher Sangh, Madakeripura.		1. Shri Hanumanthappa.
	Gramswavalamban Sahakari Sangh, Melkote.		1. Shri Khoti Shamanna.
	Badanwal Khadi Centre		1. Shri K.S. Basaviar.
	Ajjampur Cooperative Society.		1. Shri Vishwakaran.
	Ambar Cooperative Society, Hospet.		1. Chairman.
	Mahila Sahakari Sangh, Bangalore.		1. Smt. S.V. Sharadamma.
	Aimangala Khadi Centre, Aimangala.		1. Shri Hannumanthappa, Manager.
	Anekal Ambar Cooperative Society, Anekal.		1. Shri T.K. Ramakrishna.
	R.J.C.S. Kanakapur		1. Shri S.B. Ramaswamy, Manager.
	K.G.F. Parishramalaya, Kolar Gold Field.		1. Shri K.N. Subramanian, 2. Shri Bhola Narayana Rao, Mulki, 3. Shri N.C. Mahadavia.

State	Name of the Institution	Date of visit	Representatives met
5. West Bengal	Dharwar Dist. Khadi Gramodyog Sangh, Hubli.	6-4-1959 and 7-4-1959	1. Shri V.T. Magadi, Chairman.
.. .. .	West Bengal Khadi and Village Industries Board, Calcutta.		1. Shri A.P. Choudhary, Member. 2. Shri Panchanan Basu, Secretary.
.. .. .	Zonal Directorate, Calcutta		3. Shri A.P. Chakravarthi, Assistant Secretary. 4. Shri A.C. Mukherjee, Zonal Director, Khadi and V.I. Commission. 5. Shri P.K. Mukherjee, Dy. Zonal Director, Khadi & V.I. Commission.
6. Assam	Abhoy Ashram, Calcutta		1. Shri Nripendranath Bose, Secretary, Khadi Dept. Abhoy Ashram.
.. .. .	Assam Khadi and V.I. Board, Gauhati.	9-4-1959	1. Secretary, Assam Khadi and V.I. Board and Members.
7. Orissa	Orissa Khadi and V.I. Board, Bhubaneswar.	10-4-1959 to 12-4-1959	1. Shri V. Sitaramayya, President. 2. Shri Patnaik, Secretary.
8. Bihar	Bihar State Khadi and V.I. Board, Patna.	13-4-1959 to 16-4-1959	3. Shri J. Misra, Khadi Organiser.
.. .. .	Bihar Khadi Gramodyog Sangh, Muzaffarpur.		1. The Minister & Dy. Minister for Industries and Co-operation, 2. Shri M.P. Sinha, Chairman, 3. Shri Brij Bihari Prasad, Secy., 4. Shri J.P. Srivastava, C.E.O., Development Commissioner, Bihar, 5. Registrar of Cooperatives, Bihar.
.. .. .	Representatives of similar Institutions including co-operatives, Dy. Zonal Director, Patna.		1. Shri Dwaja Prasad Sahu, Secretary. Shri Gajanan Babu and others. Shri Chakravarthi, Dy. Zonal Director.

State	Name of the Institution	Date of visit	Representatives met
9. Uttar Pradesh	Uttar Pradesh Government Zonal Director.	17-4-1959 to 19-4-1959	1. Shri V.N. Sharma, Minister for Local Self Government. 2. Shri Rajaram Sharma, Zonal Director, Uttar Pradesh. 3. Director of Industries, Uttar Pradesh. 4. Shri M.S. Das, Intensive Area Scheme.
10. Delhi	Shri Gandhi Ashram, Meerut	21-4-1959	1. Shri Vichitra Narain Sharma. 2. Shri Kapil Bhai, 3. Shri Deokaran Bhai.
11. Madhya Pradesh	Khadi Gramodyog Bhavan	21-4-1959	1. Shri R.N. Tandon, Manager.
	Madhya Bharat Khadi and V.I. Board.	4-5-1959	1. Shri T.S. Gokhale, Chairman.
	Madhya Bharat Khadi Gramodyog Parishad.	5-5-1959	1. Shri Madanlal Agarwal.
	Madhya Bharat Khadi Sangh.	5-5-1959	1. Shri Kalele, Secretary.
	Zonal Directorate	5-5-1959	1. Shri R.M. Ranade, Dy. Zonal Director, Ujjain.
12. Rajasthan	Rajasthan Khadi Sangh	6-5-1959	1. Shri Rameshwar Agarwal, Secretary.
	Rajasthan Khadi and V.I. Board.	6-5-1959	1. Shri Chiranjilal Sharma, Secretary.
	Kendriya Sarvodaya Sahakari Sangh.	8-5-1959	1. Shri Krishna Chandra Mathur, Secretary.
	Rajasthan Khadi Vikas Mandal.		1. Shri Fulchand Agarwal, Secretary.
	Samagra Seva Samiti		1. Shri A.P. Das, Chairman.
	Zonal Directorate		1. Shri Haribhau Upadhyaya Finance Minister, Government of Rajasthan.
13. Punjab	Punjab State Khadi and V.I. Board.	17-5-1959 to 18-5-1959	1. Shri Burelal Bhayya, Zonal Director, Jaipur. 1. Shri Gopichand Bhargava, Chairman. 2. Shri Prithivchand Nayar, Secretary.

State

State	Name of the Institution	Date of visit	Representatives met
14. Bombay	Punjab Khadi Gramodyog Sangh.		1. Shri Hariram Chopra.
	Khadi Ashram, Ambala		1. Shri Somadutt Sharma.
	Kasturba Seva Mandir, Raipura		1. Smt. Bibi Amtus Salam.
	Bombay Village Industries Board, Bombay.	24-5-1959	1. Shri S.G. Shinde, Member, 2. Shri S.P. Shukla, Secretary, 3. Shri Dilkushbhai Divanji, 4. Shri Uttam Chand Shah, Members, Bombay V.I. Board.
	Saurashtra Khadi and V.I. Board, Rajkot.	26-5-1959 27-5-1959	1. Shri Ratubhai Adani, Chairman.
	Zonal Directorate, Dharwar	29-5-1959	2. Manubhai Baxi, Secretary and others.
	1. Dharwar Dist. Khadi Gramodyog, Sangh Hubli.		1. Shri N.T. Dabade, Dy. Zonal Director.
	2. Belgaum Dist. Khadi Gramodyog Sangh, Gurlhosur.		1. Shri V.T. Magadi, Chairman.
	3. Bijapur Dist. Khadi Gramodyog Sangh, Bijapur.		1. Shri Sriranga Kamath, Secretary.
	4. N.K. Dist. Khadi Gramodyog Sangh, Ankola.		1. Shri Ananth Bhat, Secretary.
	5. Khadi Gramodyog Sakari Sangh, Hubli.		1. Shri H.A. Pai, Secretary.
	Director of Cottage Industries, Government of Bombay.	3-6-1959	1. Shri Somalinga Melgali.
	Bombay Suburban District Village Industries Association, Bombay.	5-6-1959	1. Shri J.G. Shah, I.A.S.
	Officers of Khadi and V.I. Commission.		Shri Nandubhai and others.
			1. Shri Chaganlal Joshi, Member, All India Khadi and Village Industries Board.
			2. Shri H.G. Doshi, Director, Cooperation.

State	Name of the Institution	Date of visit	Representatives met
15. Delhi	Members of the Commission, Bombay.		3. Shri Vaidyanathan, Director, Gramdan, 4. Shri M.S. Rao, Dy. Director, Research Institute Wardha, 5. Shri P.R. Joglekar, Director, Khadi, Coordination, 6. Shri J.V. Joshi, Technical Adviser, 7. Shri Vireswara Iyer, Director, Production, 8. Liaison Officers.
			1. Shri P.S. Kapadia, Member Secretary.
			2. Shri R. Srinivasan, and 3. Shri D.V. Lele.
	Director of Cottage Industries, Bombay.	5-6-1959	1. Shri G.M. Shroff, Marathawada.
	Prayog Samiti, Ahmedabad	7-6-1959	2. Shri Parulekar, Dy. Director, Nagpur. 1. Shri Krishnadas Gandhi.
	Indian Central Cotton Committee.	9-6-1959	1. Dr. B.L. Sethi, Secretary. 1. Shri Hari Vallabh Parikh, Constructive Worker.
	Intensive Area Scheme, Khadi and Village Industries Commission.	19-6-1959	1. Shri Jhaverbhai Patel.
	Planning Commission	21-6-1959	Members.
	Khadi Gramodyog Samiti, A.B.S.S. Meeting at Pusa Road.	30-6-1959	1. Shri Shankarrao Dev, 2. Shri Dhirendra Mazumdar, 3. Shri Dwaja Prasad Sahu, 4. Shri Krishnadas Gandhi, 5. Shri Annasahib Sahasrabudhe, 6. Shri Rameshwar Agarwal, Shri M.M. Shah, Minister for Industries, Government of India, and others.
		11-7-1959	1. Shri Shankarlal Banker, Ahmedabad.

APPENDIX 4

Nagpur Resolution of the All India Congress Committee

“This Congress appeals to all those . . . who consider it essential . . . for the sake of full national self-expression, to insist upon the immediate establishment of Swaraj, to render full assistance to the nation in the promotion of unity between different religious communities, to popularise carding, hand-spinning and hand-weaving from its economical aspect and as a cottage industry necessary in order to supplement the resources of millions of agriculturists who are living on the brink of starvation, and to that end preach and practise the use of hand-spun and hand-woven garments”

—Resolution 2 of the All India Congress Committee in its Nagpur session, December, 1920.

Sitaramayya Pattabhi, *“History of the Congress”* 1935, p. 383.

APPENDIX 5

Wardha Resolution of the A.I.S.A.

"This Council is of opinion that the wages now paid for spinning are inadequate, and therefore, resolves that they be raised and a suitable standard be fixed so that spinners may at least receive a minimum wage calculated on the basis of eight hours' efficient work, sufficient at least to procure clothing (20 yards per year) and maintenance in accordance with a scientifically prescribed scale of minimum food requirements. All concerned should try, as circumstances permit, for a progressive rise in the wage scale, so as to reach a standard enabling each spinning family to be properly maintained out of the earnings of its working members."

—Resolution of the A.I.S.A. September, 1935.

Gandhi M. K., *Khadi—Why and How* (1959), p. 122, Navjivan Publishing House, Ahmedabad.

APPENDIX 6

Progress in Khadi Work

Year	No. of production centres	No. of sales centres	Production of Khadi		Sales Value Rs.	Persons employed		
			Sq. yards	Value Rs.		Spinners	Weavers	Others
1924-25	N.A.	N.A.	19,03,034	33,61,061	N.A.	N.A.	N.A.
1929-30	N.A.	1,16,76,930	54,91,610	66,19,893	N.A.	N.A.	N.A.
1939	770	1,08,95,608	48,29,610	64,13,002	2,65,253	17,545	6,417
1941-42 (18 months)	860	2,15,84,076	1,20,02,430	1,49,85,513	3,24,391	25,024	4,842**
1945-46	385*	51,76,995	70,63,219	1,04,86,530	2,68,741	18,531	3,793**
1950-51	N.A.	72,88,701	1,27,45,295	1,64,98,678	2,22,484	14,450	3,136
Total								

*Excludes the number of centres of certified institutions.

**Excludes the persons (other categories) employed by certified institutions.

Source : 1. Jaju S.K. *History of the All India Spinners' Association*.

2. Annual Reports of the All India Spinners' Association.

3. *Three-year report* (1949-1952) A.I.S.A.

APPENDIX 7

The All India Spinners' Association's recommendations regarding the implementation of Khadi programmes to provincial governments and Indian States (October, 1946).

1. "A Government which accepts economic importance of village industries and wishes to undertake their promotion, must necessarily base its policy on the following precepts :—

- (a) In every primary, middle and normal school, instruction in hand-spinning should form an important part of the curriculum. Each such school should have a handloom to weave the hand-spun yarn. Speedy action is necessary to introduce basic education in these schools.
- (b) Rural development schemes be organized through multi-purpose cooperative societies and must centre round Khadi work.
- (c) Cotton should be grown where it is not locally available. Hand-spinners should have easy access to cotton and implements.
- (d) Research and training of Khadi workers.
- (e) In village uplift work, hand-spinning will inevitably come up in one form or other. It is, therefore, necessary to restrict recruitment to the cooperative, Education and Agricultural departments of the Central and State Governments and of employees of District and Local Boards and Panchayats to those who have passed the Khadi Pravesh Examination.
- (f) Price control on handloom cloth.
- (g) Protection of certified Khadi by banning sale or production of other cloth under the name of Khadi.
- (h) State purchase of textiles be restricted to the hand-spun cloth and, hand-spinning and hand-weaving be introduced in the prisons.

2. The provincial governments as well as the Indian States are requested that among other schemes they put in efforts for the expansion of Khadi work by implementing the programmes on the lines stated above. To carry out this work the A.I.S.A. and its Branches are ready to help to the maximum extent possible.

3. Non-supply of mill cloth or mill-spun yarn to areas where self-sufficiency is possible with hand-spun and hand-woven Khadi. Action in this regard may be taken in consultation with the A.I.S.A. Besides, the non-expansion of the present productive capacity of the mills by the installation of new spindles and looms and prevention of starting of new mills. The mills should follow the advice of the Government and A.I.S.A. Complete ban on imports of foreign yarn and cloth.

The Government should pass the necessary Act in this connection and take steps to implement it.

The mill owners are requested that they should help this work of crores of people."

Translation of the original resolution of the A.I.S.A. in Hindi, Jaju S. K., The History of the A.I.S.A. (1950) pp. 219 and 220.

APPENDIX 8

GOVERNMENT OF INDIA MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 14th January 1953.

RESOLUTION

No. 45-Cot. Ind.(5)/52. The Government of India have decided to set up an All-India Khadi and Village Industries Board with the following personnel :—

- | | |
|--|----------|
| 1. Shri V. L. Mehta | Chairman |
| 2. Shri A. W. Sahasrabudhe | |
| 3. Shri Dhawaja Prasad Sahu | |
| 4. Shri G. Venkatachalapathy | |
| 5. Shri Dwarakanath Lele | |
| 6. Shri Jhaverbhai Patel | |
| 7. Shri Lakshminarain | |
| 8. Shri Raojibhai N. Patel | |
| 9. Shri R. Srinivasan | |
| 10. Shri Satish Chandra Das Gupta | |
| 11. Shri Sidharaj Dhadha | |
| 12. Shri Srikrishnadas Jaju | |
| 13. Shri Vichitra Narain Sharma | |
| 14. Shri V. V. Jerajani | |
| 15. Member-Secretary—to be appointed by Government on the recommendation of the Board. | |

2. The Board will appoint Vice-Chairmen, not more than two in number, and Joint Secretaries, not more than two in number, and define their powers.

3. Additional members will be appointed as and when necessary in consultation with the Board.

4. Representatives of the Ministries of Finance, Commerce and Industry, Rehabilitation and of the Planning Commission will attend meetings of the Board and participate in its proceedings on behalf of Government.

5. The Board will work in close cooperation with the State Governments and the All India Spinners' Association.

6. The Headquarters of the Board shall be Bombay.

7. The Board will be responsible for preparing and organising programmes for the production and development of Khadi and village industries, including training of personnel, manufacture and supply of equipment, supply of raw materials, marketing and research and study of the economic problems of different village industries. The Board will also function as a clearing house of information and experience relating to these industries.

8. The Government of India propose to create a Khadi Fund from which grants or loans will be made for financing, in whole or in part, activities necessary for the development and improvement of the Khadi Industry.

The Government of India also propose to make available separate funds for the development and improvements of village industries.

ORDER—Ordered that a copy of this Resolution be communicated to all the State Governments, all the Members of the Board, all the Ministries of the Government of India, Planning Commission, Cabinet Secretariat, Prime Minister's Secretariat.

Ordered also that it be published in the Gazette of India.

Sd./-

(H. V. R. IYENGAR)

Secretary to the Government of India.

APPENDIX 9

Note on the categories of persons employed in Khadi

In 1954, we understand, the former All India Khadi and Village Industries Board carried out a pilot survey in the area covered by the Tamilnad Sarvodaya Sangh to determine "who spin". The results of the survey showed that the majority of the spinners in this area were owner-cultivators, lease-hold cultivators, traders and persons engaged in professional and miscellaneous services. The total annual income (small sources) vary between Rs. 300 and Rs. 1,200. The majority of the spinners are part-time workers who devote 75 per cent of the leisure to spinning mostly to supplement their normal incomes from other sources and incidentally to obtain a small amount of cloth. Full-time spinners constitute only 5 per cent of the total and self-spinners are no more than 2 per cent. This survey also revealed that agricultural labour generally did not take to hand-spinning and the really poorer sections of the community did not consider spinning an attractive alternative occupation. Although the tract surveyed was a famine tract, the needier sections of the community preferred the uncertain income from irregular work such as road building and similar constructional activities to hand-spinning as the level of wages in hand-spinning in their view was far too low. The members of the Board, we understand, agreed with the findings of the survey.

2. Although we requested the heads of all Khadi institutions we visited to supply us detailed data on the classification of spinners by economic categories, no data were furnished to us. Recently Shri Krishnadas Gandhi of the Prayog Samiti, Ahmedabad, sent us information presented in the statement attached. According to Shri Krishnadas Gandhi this information was collected by the Sanchalaks of various institutions. We, however, do not know how far the data can be taken to represent the position in the country as a whole. It would appear from the data supplied to us that the percentage of landless labour and small peasants who have taken to hand-spinning varies from centre to centre but the categories into which spinners have been divided are overlapping. We do not also know whether the classification of spinners indicated is merely on the ownership of land or income derived from it.

3. We, therefore, are not in a position to express any opinion on the validity or otherwise of the attached Statement. It is, however, clear that it does not provide a basis for any conclusive statement. All veteran Khadi workers and heads of certified institutions without an exception and most of the constructive workers whom we interviewed expressed the view that Khadi has not benefited the needier sections of the community anywhere on any appreciable scale. They also stated that they did not know why the poorer sections did not take to hand-spinning. They were all agreed that lower middle class in rural and in urban areas has been the main beneficiary of the development of hand-spinning.

STATEMENT I
Classification of Spinners by Economic Categories

Category	Punjab			U. Pradesh			Rajasthan			Madras			Mysore	
	K.A. Sad- hora	K.A. Barada	Raj-pura	Sultan-pur	Rath	Dousa	Rajgarh	Basakho	Padiyar	Udumal-pet	Koduvai	Horkeri	Devarpur	Total
1. Landless	25 (24.28)	35 (35.35)	61 (23.73)	20 (5.35)	554 (87.92)	400 (25.32)	619 (38.48)	140 (80.46)	90 (17.54)	206 (58.86)	46 (33.09)	27 (56.25)	2,223 (37.83)	
2. Up to 2 acres	10 (9.71)	4 (4.04)	28 (10.89)	22 (5.88)	109 (1.59)	100 (6.33)	306 (19.02)	13 (7.47)	199 (38.79)	124 (35.43)	28 (20.14)	13 (27.08)	857 (14.58)	
3. Between 2 to 5 acres	14 (13.59)	10 (10.10)	38 (14.79)	10 (2.67)	26 (4.13)	380 (24.05)	229 (14.23)	1 (0.57)	96 (18.71)	13 (3.71)	21 (15.11)	3 (6.25)	841 (14.31)	
4. Small merchants with annual family income below Rs. 600.	23 (22.33)	26 (26.26)	12 (4.67)	10 (2.67)	8 (1.27)	200 (12.66)	104 (6.46)	14 (8.05)	—	—	—	2 (4.17)	399 (6.79)	
5. Merchant families with annual income below Rs. 1,200.	3 (2.91)	5 (5.05)	14 (5.45)	5 (1.34)	8 (1.27)	200 (12.66)	174 (10.81)	4 (2.30)	—	—	—	1 (2.08)	414 (7.05)	
6. Merchant families with annual income above Rs. 1,200.	5 (4.85)	2 (2.03)	10 (3.89)	7 (1.88)	4 (0.64)	100 (6.33)	4 (0.25)	—	—	—	—	—	132 (2.25)	
7. Middle class landlords with less than 10 acres and annual income below Rs. 2,400.	6 (5.83)	11 (11.11)	36 (14.01)	130 (34.76)	16 (2.54)	150 (9.49)	108 (6.71)	—	66* (12.87)	1* (0.29)	—	2 (4.17)	526* (8.95)	
8. Big landlords with more than 10 acres of land and annual income above Rs. 2,400.	17 (16.50)	6 (6.06)	58 (22.57)	170 (45.45)	4 (0.64)	50 (3.16)	65 (4.04)	2 (1.15)	62* (12.09)	6* (1.71)	44* (31.66)	—	484* (8.24)	
TOTAL	103	99	257	374	630	1,580	1,609	174	513	350	139	48	5,876	

Figures in brackets indicate percentages to the respective totals.

*Details of annual income are not available for 67 families having less than 10 acres of land and 112 families having between 10 and 20 acres of land in Madras centres.

APPENDIX 10

Schemes for Institutional Finance

A. Handloom

Since April 1957, the Reserve Bank of India advances loans for working capital through Apex and Central Cooperative Banks to weavers' co-operative societies for production and to apex cooperative societies for marketing. The Reserve Bank of India charges 2 per cent interest on these advances; but the Cooperative Banks normally charge an interest rate of 5 per cent on the loans they advance to weavers' cooperatives. To enable the Cooperative Banks to advance loans to these cooperatives at 3 per cent interest, Government of India pays a subsidy of 2 per cent. With the rise in the bank rate during 1957-58 from 3.5 per cent to 4 per cent, the Government of India has increased the rate of subsidy to 2.5 per cent.

Losses arising from the non-recovery of loans are shared by the Government of India (50 per cent), State Governments (40 per cent) and Co-operative Banks (10 per cent). The share of the Government of India is, however, limited to a ceiling of 5 per cent of the total funds disbursed to the handloom industry by the Cooperative Banks.

During 1957-58, the progress of the scheme was slow owing partly to the advance of long-term loan from the Cess fund and partly to the elaborate and cumbersome procedure prescribed by the Reserve Bank of India. During 1958-59, with the cessation of the earlier practice of advancing loans from the Cess fund the scheme made substantial progress. As compared with the withdrawal of Rs. 49 lakhs during 1957-58, Cooperative societies in 10 States drew Rs. 1.74 crores during 1958-59, as can be seen from the details presented in Table below :

State	1957-58		1958-59	
	Credit limits fixed	Amount drawn	Credit limits fixed	Amount drawn
1. Andhra	54.26	—	64.43	52.03
2. Bihar	—	—	13.88	4.35
3. Bombay	45.24	17.17	26.52	20.55
4. Kerala	—	—	19.37	18.01
5. Madhya Pradesh	—	—	17.37	8.67
6. Madras	73.24	25.16	68.16	48.66
7. Mysore	—	—	8.84	8.15
8. Orissa	7.45	6.95	5.47	3.15
9. Punjab	—	—	6.16	5.17
10. Rajasthan	—	—	5.38	5.25
TOTAL	180.19	49.28	235.58	173.99

(Rs. lakhs)

Besides the loans to the cooperative societies, the Reserve Bank of India advances directly loans to State Handloom Weavers' Cooperative Societies under Section 17(2)(A) for the purchase of yarn on behalf of member cooperatives. During 1958-59, the Reserve Bank of India sanctioned Rs. 40 lakhs to the Madras State Handloom Weavers' Cooperative Society and Rs. 15 lakhs to the Andhra Weavers' Cooperative Society.

The Working Group for the Handloom Industry is of the opinion that if loans were made available on more liberal terms and repayment extended over a longer period than 12 months as at present, the progress of the scheme would be greater. Simplification of the present procedure for application of loans and their scrutiny at different levels and relaxation of the credit limits determined on the basis of paid-up share capital of the Cooperative Banks are, according to them, the other changes needed to make this scheme more effective in practice. (*Source : Report of the Working Group for Handloom Industry, pp. 66 to 70*).

B. Small Scale Industries

The State Bank of India initiated in 1956 a pilot scheme for financial accommodation for small scale industries and during the three-year period ending September 30, 1959, advanced loans amounting to Rs. 3.43 crores. Originally, the scheme was introduced only in 9 centres. Since January 1959, it has been extended to all towns where the State Bank has a branch. Since January 1959, the State Bank provides financial accommodation to small scale units which have obtained purchase orders of the Central Government with the assistance of the National Small Scale Industries Corporation. The latter provides the guarantee for the repayment of loans. Besides this, a guarantee scheme on a pilot basis for small industrial units is to be introduced by the Reserve Bank of India in 21 districts since 1st March 1960. A provision of Rs. 2.50 crores may be made for guaranteeing the losses likely to arise under the scheme. Till June 30, 1959, the State Financial Corporations have advanced loans amounting to Rs. 3.4 crores.

Moreover State Governments have advanced to small scale industries Rs. 7.5 crores under the State Aid to Industries' Act. The Government of India requested all State Governments to liberalise the conditions and procedures to enable small scale industries to take fuller advantage of the available assistance. Most State Governments have accordingly liberalised the conditions. The following are the different types of loans and the terms and conditions on which they are advanced :

- (i) Loans up to Rs. 1,000 to be advanced on personal bond;
- (ii) Loans up to Rs. 5,000 to be advanced against two personal securities;
- (iii) Other loans to be given at 75 per cent of the security offered, including assets created out of the loan;
- (iv) The loan to be repaid in easy instalments spread over a period of ten years;
- (v) The rate of interest charged to be 3 per cent for industrialists up to Rs. 50,000 and 2½ per cent for industrial cooperatives up to Rs. 2 lakhs. This rate of 2½ per cent interest applies both to share capital and working capital loans, 75 per cent of share capital to be given as a two year loan and 75 per cent of the working capital to be given as a ten year loan;

- (vi) Loans above Rs. 50,000 and up to Rs. 1,00,000 to be granted to a small industrialist at 5 per cent and above that, at market rate;
- (vii) Loans above Rs. 1,00,000 to be granted only with the sanction of the Central Government;
- (viii) Loans up to Rs. 2,000 to be granted by the District Industries Officer at his discretion.

(Source : *Report of the Working Group for Small Scale Industries—Programme of work for the Third Five Year Plan*, pp. 15, 80, 86, 87 and 89).

APPENDIX 11

Pusa Resolution

"Gandhiji had placed before the nation his concept of social and economic system for the country while giving a new reorientation to the work of the *Charkha* Sangh. The Chalisgaon Conference took certain decisions with a view to realising these objectives in practice. A practical programme was also drawn up to implement the decisions of the Chalisgaon Conference. It was finalised at the meeting of the Khadi Gramodyog Samiti held in Sewagram."

"Today Khadi institutions in the country are engaged in giving a new turn to Khadi work by taking village as the unit. The Bihar Khadi Gramodyog Sangh has given a lead to the country in this direction by its intensive work in the Pusa area. Similar efforts are in progress in other parts of the country also."

The Approach

"While giving a new direction to the work of the *Charkha* Sangh, Gandhiji presented a comprehensive picture of village reconstruction before Khadi workers. That and our recent experience in reorientating Khadi work have both made it clear that the constructive programme for establishing a new society should be planned in the context of the entire life of a village. If the constructive programme is promoted only as a cure for unemployment, it cannot advance beyond a certain limit and permanent solutions of basic problems cannot be reached. It is, therefore, necessary from both the theoretical and practical points of view, that programmes of a constructive nature including Khadi, should be framed keeping in view the broad picture of village life."

Basic Problems

"The basic problem of the village is that of food. We must, therefore, coordinate programmes of Khadi and village industries with those for the development of agriculture and animal husbandry. Indeed, it can be said that Khadi and village industries programmes can be planned in the context of the entire life of the village only by giving basic importance to agriculture and animal husbandry."

"The problem of the hungry and the naked is a social problem and is closely connected with social justice. That is to say, the concept of social justice is inextricably linked with our entire programme. In view of all these considerations, it becomes abundantly clear that we should chalk out our programmes of reconstruction in the context of the entire life of a village. As a result of the *bhoodan-gramdan* movement, the ideal of a non-violent society and also our path have become clearer. Thus, our goal is to march towards a non-violent society based on *bhoodan* and *gramodyog*. We will have to prepare our workers, the village population and the society at large on this basis."

Intensive Work

"We are living in an age of planning. We have drawn up a plan with a view to reorientating our planning along *Sarvodaya* lines. We should choose some areas for intensive work with the object of realizing the ideal of the social structure based on *Sarvodaya*. It is expected that constructive institutions throughout the country will take up areas for intensive work according to their capacity and promote our programme in those areas."

"We will have to find solution for problems that will be thrown up while carrying on work in these intensive areas.

- (1) For example, we will have to find ways and means for fully exploring the manpower resources available in the villages and to find out the extent to which power of other types can be resorted to, for stepping up the rate of production. Due consideration must be given to the study of all these questions.
- (2) Similarly, there is enough scope for making improvements in the tools and techniques used in agriculture, Khadi and other village industries. We have not been able so far to have a correct assessment about achieving higher production and maximum possible productivity by using less labour power. Once manpower resources are fully utilised, effort should be directed towards improving implements with a view to increasing production by utilising animal power. Improvements in implements must make possible production commensurate with our needs and full utilisation of manpower. Also, work with such improved implements should become a source of joy to the artisan and help in the growth of personality and intelligence.

Experiments along these lines should be conducted in a few selected intensive areas where work is being carried on along new intensive lines."

"All this depends on the availability of suitable workers. The Khadi Gramodyog Samiti should, therefore, take up the training of workers. Let all our *vidyalayas* also impart instruction in agriculture and animal husbandry. The work in these intensive centres should be based on basic education."

—*Jagriti*, July 9, 1959 p. 11.

STATEMENT I
Scheme-wise and year-wise disbursement of funds

		(Rs. lakhs)						
Scheme		1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	Grand total
A. Grants								
1. Rebate on retail sales of Khadi	.. ..	19.64	50.26	79.84	111.49*	144.81*	187.46*	593.50*
2. Vastraswavalamban	.. ..	0.48	5.80	22.20	50.31*	65.90*	41.97*	186.66*
3. Agency sales scheme	.. ..	—	0.09	0.70	0.99	1.08	1.31	4.17
4. Production/sales subsidy	.. ..	1.74	11.64	21.41	43.92*	36.19*	55.46*	170.36*
5. Saranjam subsidy	.. ..	0.47	2.01	8.74	15.86	12.15	14.78	54.01
6. Promotion of handspinning	.. ..	—	0.64	2.82	0.75	3.32	1.81	9.34
7. Spinning competitions	.. ..	0.45	0.18	0.74	0.86	0.82	0.93	3.98
8. Spinning classes in jails	.. ..	0.01	0.02	0.20	0.44	0.50	0.55	1.72
9. Revival of arts	.. ..	—	0.75	1.50	0.15	0.26	0.19	2.85
10. Rehabilitation of weavers	.. ..	—	0.42	0.83	0.41	0.73	2.00	4.39
11. Construction of godowns in Intensive Area centres	.. ..	—	1.20	2.00	1.40	1.25	0.15	6.00
12. Peripatetic parties	.. ..	—	0.60	1.41	2.18	1.92	1.54	7.65
13. Training	.. ..	0.51	1.48	12.35	11.21	17.72	27.94	71.21
14. Experiments in Khadi	.. ..	0.07	0.03	0.24	0.88	0.03	0.50	1.75

Schemes		1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	Grand total
15. Aid to emporia	.. ..	—	—	—	—	—	—	—
16. Opening of new sales bhandars	.. ..	—	—	—	—	11.62	10.96	28.54
17. Exhibitions	.. ..	—	—	—	5.96	—	—	—
18. Khadi hundies	.. ..	4.47	5.10	9.14	8.51	8.37	19.42	55.01
19. Purchase of samples	.. ..	—	1.91	0.59	0.62	0.65	0.45	4.22
20. Conferences and seminars	.. ..	—	—	—	—	0.01	0.01	0.02
21. Barrack blankets scheme and hill wool scheme	.. ..	—	—	—	—	—	0.02	0.02
22. Miscellaneous	.. ..	—	—	—	—	—	1.51	1.51
TOTAL A	.. ..	27.84	82.13	164.71	255.94*	307.33*	370.57*	1,208.52*
B. Loans**								
1. Production and sale of Khadi	.. ..	26.15	63.83	223.21	339.01	456.32	612.80	612.80
2. Purchase of cotton	.. ..	41.00	101.99	69.82	210.05*	290.98*	401.97*	401.97*
3. Hill wool scheme	.. ..	—	—	—	—	—	2.71	2.71
TOTAL B	.. ..	67.15	165.82	293.03	549.06*	747.30*	1,017.48*	1,017.48*
TOTAL A + B	.. ..	94.99	247.95	457.74	805.00*	1,054.63*	1,388.05*	2,226.00*

* Includes disbursements on the Ambar programme of Rs. 170.21 lakhs on rebate on retail sales, *Vastraswavalamban* and production and sales subsidy; and Rs. 152.97 lakhs (net amount outstanding) loans for the purchase of cotton. Net total grants for traditional Khadi are Rs. 10.38 crores and net loans Rs. 8.84 crores. Net disbursements over the six-year period are thus Rs. 19.22 crores.

** Figures represent loans outstanding at the end of each year.

(Rs. lakhs)

	1958-59		Grand Total		
	Grant	Loan	Grant	Loan	Total
2	20.08	70.65	60.46	70.65	131.11
1	(5.42)	(6.94)	(5.00)	(6.94)	(5.89)
	1.97	6.07	8.01	6.07	14.08
1	(0.53)	(0.60)	(0.66)	(0.60)	(0.63)
	34.20	159.63	100.60	159.63	260.23
1	(9.23)	(15.69)	(8.33)	(15.69)	(11.69)
	80.33	150.25	339.41	150.25	489.66
1	(21.68)	(14.77)	(28.09)	(14.77)	(22.00)
	10.84	10.93	30.73	10.93	41.66
	(2.92)	(1.07)	(2.54)	(1.07)	(1.87)
	1.16	1.33	4.06	1.33	5.39
	(0.31)	(0.13)	(0.34)	(0.13)	(0.24)
	5.13	18.02	14.57	18.02	32.59
	(1.38)	(1.77)	(1.21)	(1.77)	(1.47)
	7.03	25.56	21.05	25.56	46.61
	(1.90)	(2.51)	(1.74)	(2.51)	(2.09)
	25.88	65.90	63.54	65.90	129.44
	(6.98)	(6.48)	(5.26)	(6.48)	(5.82)
	19.57	42.54	49.87	42.54	92.41
	(5.28)	(4.18)	(4.13)	(4.18)	(4.15)
	3.22	9.63	12.95	9.63	22.58
	(0.90)	(0.95)	(1.07)	(0.95)	(1.02)
	40.60	114.85	163.60	114.85	278.45
	(10.96)	(11.29)	(13.54)	(11.29)	(12.52)
	20.49	132.49	59.68	132.49	192.17
	(5.53)	(13.02)	(4.94)	(13.02)	(8.63)
	91.31	180.03	252.48	180.03	432.51
	(24.64)	(17.69)	(20.90)	(17.69)	(19.43)
	8.45	29.60	26.27	29.60	55.87
	(2.28)	(2.91)	(2.17)	(2.91)	(2.51)
	0.22	—	0.91	—	0.91
	(0.06)		(0.08)		(0.04)
	370.58	1,017.48	1,208.52*	1,017.48	2,226.00*

not available.

STATEMENT 5

State-wise, year-wise production of woollen Khadi

(Qty: Lakh
sq. yds.)
(Value: Rs. lakhs)

State	1953-54		1954-55		1955-56		1956-57		1957-58		1958-59	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1. Andhra	—	—	—	—	0.21 (3.89)	0.58 (2.10)	2.75 (17.59)	5.78 (11.17)	4.42 (15.74)	9.09 (7.49)	5.23 (17.22)	8.57 (7.25)
2. Assam	—	—	—	—	0.22 (4.07)	0.78 (2.83)	0.05 (0.32)	0.18 (0.35)	0.07 (0.25)	0.28 (0.23)	1.18 (3.89)	2.61 (2.21)
3. Bihar	9.07 (80.19)	17.28 (71.40)	—	—	0.16 (2.96)	0.84 (3.04)	0.46 (2.94)	2.21 (4.27)	0.77 (2.74)	2.54 (2.01)	1.49 (4.91)	5.12 (4.33)
* 4. Bombay	—	—	0.03 (0.52)	0.13 (0.86)	1.37 (25.37)	7.82 (28.32)	5.74 (36.72)	12.15 (23.47)	2.16 (7.70)	13.86 (11.42)	2.08 (6.86)	17.08 (14.46)
5. Jammu & Kashmir	0.75 (6.63)	2.75 (11.36)	1.06 (18.34)	4.48 (29.81)	—	—	—	—	0.01 (0.04)	0.06 (0.05)	0.56 (1.84)	2.12 (1.79)
6. Madhya Pradesh	—	—	—	—	—	—	—	—	—	—	—	—
7. Madras	—	—	—	—	—	—	0.02 (0.13)	0.10 (0.19)	—	—	0.03 (0.11)	0.13 (0.11)
8. Mysore	—	—	0.04 (0.69)	0.12 (0.80)	0.36 (6.67)	1.12 (4.06)	1.21 (7.74)	4.24 (8.19)	11.57 (41.22)	39.42 (32.47)	9.93 (32.70)	22.55 (19.09)
9. Orissa	—	—	—	—	—	—	—	—	—	—	—	—
10. Punjab	1.03 (9.11)	1.82 (7.52)	4.13 (71.45)	7.79 (51.83)	0.83 (15.37)	3.41 (12.35)	0.71 (4.54)	6.41 (12.38)	3.39 (12.08)	17.70 (14.58)	4.41 (14.52)	24.35 (20.61)
11. Rajasthan	—	—	0.20 (3.46)	0.61 (4.06)	0.31 (5.74)	0.94 (3.40)	0.83 (5.31)	4.75 (9.18)	1.18 (4.20)	8.44 (6.95)	0.66 (2.17)	4.36 (3.69)
12. Uttar Pradesh	0.46 (4.07)	2.35 (9.72)	0.32 (5.54)	1.90 (12.64)	1.94 (35.93)	12.12 (43.90)	3.86 (24.71)	15.94 (30.80)	4.41 (15.71)	27.86 (24.60)	4.36 (14.36)	28.92 (24.48)
13. West Bengal	—	—	—	—	—	—	—	—	0.09 (0.32)	0.14 (0.12)	0.44 (1.44)	2.34 (1.98)
TOTAL	11.31	24.20	5.78	15.03	5.40	27.61	15.63	51.76	28.07	121.39	30.37	118.15

Figures in brackets indicate percentages to the respective totals.

STATEMENT 6
State-wise, year-wise production of silk Khadi

State	1953-54		1954-55		1955-56		1956-57		1957-58		1958-59	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1. Andhra	—	—	—	—	—	—	0.01 (0.14)	0.05 (0.17)	0.05 (0.40)	0.45 (0.81)	0.35 (2.42)	3.64 (5.90)
2. Assam	0.15 (17.04)	0.94 (20.89)	0.12 (6.25)	0.55 (6.08)	—	—	0.19 (2.71)	1.46 (4.86)	0.23 (1.83)	1.98 (3.55)	0.29 (2.01)	3.82 (6.19)
3. Bihar	—	—	—	—	2.37 (38.10)	11.71 (41.76)	2.21 (31.57)	9.02 (30.00)	4.08 (32.41)	12.25 (21.98)	4.77 (32.99)	13.71 (22.22)
4. Bombay	—	—	—	—	—	—	—	—	0.02 (0.16)	0.28 (0.50)	0.02 (0.14)	0.28 (0.45)
5. Delhi	—	—	—	—	—	—	—	—	—	—	—	—
6. Jammu & Kashmir	—	—	—	—	—	—	—	—	—	—	—	—
7. Kerala	—	—	—	—	—	—	—	—	—	—	—	—
8. Madhya Pradesh	—	—	—	—	—	—	—	—	—	—	—	—
9. Madras	—	—	—	—	—	—	0.05 (0.71)	0.42 (1.40)	0.27 (2.14)	2.25 (4.04)	0.57 (3.94)	1.02 (1.65)
10. Mysore	—	—	0.04 (2.08)	0.23 (2.54)	—	—	—	—	0.02 (0.16)	0.13 (0.23)	0.06 (0.41)	0.43 (0.70)
11. Orissa	—	—	—	—	—	—	—	—	0.16 (1.27)	0.81 (1.45)	0.08 (0.55)	0.51 (0.83)
12. Punjab	—	—	—	—	—	—	—	—	—	—	—	—
13. Rajasthan	—	—	—	—	—	—	—	—	—	—	—	—
14. Uttar Pradesh	0.25 (28.41)	1.48 (32.89)	0.14 (7.29)	0.73 (8.07)	0.70 (11.25)	3.42 (12.20)	1.06 (15.16)	4.84 (16.10)	1.46 (11.59)	7.21 (12.94)	1.78 (12.31)	9.76 (15.82)
15. West Bengal	0.48 (54.55)	2.08 (46.22)	1.62 (84.38)	7.54 (83.31)	3.15 (50.65)	12.91 (46.04)	3.48 (49.71)	14.28 (47.47)	6.30 (50.04)	30.37 (54.50)	6.32 (43.71)	23.80 (38.59)
TOTAL ..	0.88	4.50	1.92	9.05	6.22	28.04	7.00	30.07	12.59	55.73	14.46	61.69

Figures in brackets indicate percentages to the respective totals.

STATEMENT 8

Spinning competitions

State	1956-57				1957-58				1958-59			
	Local		Regional		Local		Regional		Local		Regional	
	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tions	No. of com- peti- tors
1. Andhra ..	677	18,604	3	61	265	6,739	—	—	469	11,921	1	45
2. Assam ..	—	—	—	—	25	632	—	—	14	350	—	—
3. Bihar ..	1,165	29,247	4	270	929	23,252	1	130	1,772	43,609	1	80
4. Bombay ..	988	26,687	5	190	1,272	27,840	1	182	1,579	40,367	1	82
5. Jammu & Kashmir ..	2	55	—	—	—	—	—	—	—	—	—	—
6. Kerala ..	130	2,628	—	—	56	1,517	—	—	122	3,019	1	25
7. Madhya Pradesh ..	14	530	1	—	24	666	—	—	41	1,083	—	—
8. Madras ..	141	3,860	1	106	353	8,424	1	101	1,077	27,020	1	45
9. Mysore ..	36	985	1	—	18	463	1	N.A.	60	1,637	1	133
10. Orissa ..	—	—	—	—	2	51	—	—	—	—	—	—
11. Punjab ..	353	9,018	6	148	483	12,349	1	110	572	13,987	1	86
12. Rajasthan ..	43	1,225	—	—	11	306	—	—	1	26	—	—
13. Uttar Pradesh ..	222	6,380	1	18	80	2,191	1	114	315	6,793	1	100
14. West Bengal ..	34	992	1	20	33	849	1	87	94	2,442	1	21
15. Tripura ..	9	227	—	—	14	360	—	—	18	407	—	—
16. Himachal Pradesh ..	—	—	—	—	—	—	—	—	1	25	—	—
TOTAL ..	3,814	1,00,438	23	813	3,565	85,639	7	724	6,135	1,52,686	9	617

STATEMENT 9

Expenditure on the revival of arts

State	Scheme	(Rupees)					
		1954—55	1955—56	1956—57	1957—58	1958—59	Total
Saurashtra, Gujarat	.. .. Patola weaving	10,685	9,000	—	—	—	19,685
Bihar } Bengal } Andhra }	.. .. Fine yarn spinning	35,955	1,12,000	15,000	21,000	9,960	1,93,915
Orissa	.. .. Sambalpur weaving	6,447	10,000	—	—	6,333	22,780
Bihar	.. .. Sujani weaving	6,447	—	—	—	—	6,447
Punjab	.. .. Khes weaving	12,000	9,000	—	—	—	21,000
	Kalamkari printing	3,000	5,000	—	—	—	8,000
Kashmir	.. .. Kani shawl weaving	257	5,000	—	5,000	—	10,257
Madras	.. .. Fine spinning	—	—	—	—	2,500	2,500
TOTAL		74,791	1,50,000	15,000	26,000	18,793	2,84,584

STATEMENT 10

Scheme-wise and year-wise disbursement of funds

(Rs. lakhs)

Scheme	1956-57	1957-58	1958-59	Total
1. Grants				
1. Saranjam karyalayas	7.68	9.38	8.67	25.73
2. Vidyalayas	13.53	12.47	17.80	43.80
3. Ambar shiksha vargs	70.37	120.79	95.63	286.79
4. Assistance to production centres ..	—	0.70	—	0.70
5. Ambars to training institutions ..	*	12.06	13.79	25.85
6. Servicing of Ambars	—	7.44	10.20	17.64
7. Training of weavers	—	9.55	7.94	17.49
8. Training of weaving instructors ..	—	—	0.28	0.28
9. Construction of godowns	—	—	4.18	4.18
10. Research and experiments	0.05	0.31	0.36	0.72
11. Training of managers	—	—	0.65	0.65
12. Conferences and seminars	—	—	0.04	0.04
13. Training of carpenters	1.97	2.84	2.13	6.94
14. Purchase of Ambars for Afghanistan ..	—	—	0.16	0.16
15. Stamp duty	—	—	0.15	0.15
16. Transport of implements	—	—	0.01	0.01
17. Refresher courses	—	—	0.16	0.16
18. Finishing centres	—	—	1.00	1.00
19. Model production-cum-sales centres ..	—	—	3.28	3.28
20. Aid to weavers	—	—	9.69	9.69
21. Kilns for seasoning wood	—	—	0.56	0.56
22. Miscellaneous	0.11	0.10	2.11	2.32
TOTAL (Grants) ..	93.71@	175.64@	178.79@	448.14@

* Included under Ambar shiksha vargs.

Scheme	1956-57	1957-58	1958-58	Total
II. Loans**				
1. Working capital for production and sale.	65.39	154.79	363.54	363.54
2. Working capital for manufacture of Ambars.	33.97	53.67	70.12	70.12
3. Hire purchase	76.02	190.66	309.17	309.17
4. Construction of godowns	---	17.31	26.17	26.17
5. Model production-cum-sales centres	---	---	2.42	2.42
6. Share capital	---	---	7.36	7.36
7. Kilns for seasoning of wood ..	---	---	0.50	0.50
8. Building for vidyalayas	---	---	0.33	0.33
TOTAL (Loans) ..	175.38@	416.43@	779.61@	779.61@
TOTAL (Grants & Loans) ..	269.09@	592.07@	958.40@	1,227.75@

@Excludes disbursements of Rs. 170.21 lakhs on rebate on retail sales, *vastraswavalamban* and production and sales subsidy; and Rs. 132.97 lakhs (net amount outstanding) loans for the purchase of cotton. Net total grants for Ambar programme are Rs. 6.18 crores and net loans Rs. 9.13 crores. Net disbursements over the three year period are thus Rs. 15.31 crores.

**Figures represent loans outstanding at the end of each year.

STATEMENT 11
State-wise, year-wise disbursement of funds

State	1956-57			1957-58			1958-59			Grand Total		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
1. Andhra ..	8.28 (8.84)	11.80 (6.73)	20.08 (7.46)	21.01 (11.96)	27.34 (6.56)	48.35 (8.16)	21.61 (12.05)	55.84 (7.16)	77.45 (8.08)	50.90 (11.35)	55.84 (7.16)	106.74 (8.69)
2. Assam ..	0.31 (0.33)	0.15 (0.09)	0.46 (0.17)	0.97 (0.55)	0.15 (0.04)	1.12 (0.19)	0.32 (0.18)	1.23 (0.16)	1.55 (0.16)	1.60 (0.36)	1.23 (0.16)	2.83 (0.23)
3. Bihar ..	13.39 (14.29)	22.96 (13.09)	36.35 (13.51)	27.23 (15.50)	86.58 (20.79)	113.81 (19.22)	47.56 (26.53)	202.18 (25.93)	249.74 (26.04)	88.18 (19.65)	202.18 (25.93)	290.36 (23.64)
4. Bombay	22.65 (24.17)	46.33 (26.42)	68.98 (25.64)	11.25 (6.40)	52.46 (12.60)	63.71 (10.76)	9.53 (5.32)	49.82 (6.39)	59.35 (6.19)	43.43 (9.68)	49.82 (6.39)	93.25 (7.59)
5. Delhi ..	0.77 (0.82)	1.67 (0.95)	2.44 (0.91)	1.19 (0.68)	1.53 (0.37)	2.72 (0.46)	3.61 (2.01)	2.97 (0.38)	6.58 (0.69)	5.57 (1.24)	2.97 (0.38)	8.54 (0.70)
6. Jammu & Kashmir	0.13 (0.14)	—	0.13 (0.05)	0.20 (0.11)	0.45 (0.11)	0.65 (0.11)	0.13 (0.07)	0.86 (0.11)	0.99 (0.10)	0.46 (0.10)	0.86 (0.11)	1.32 (0.11)
7. Kerala ..	2.36 (2.52)	0.59 (0.34)	2.95 (1.10)	2.98 (1.70)	5.20 (1.25)	8.18 (1.38)	5.76 (3.21)	11.65 (1.49)	17.41 (1.82)	11.10 (2.47)	11.65 (1.49)	22.75 (1.85)
8. Madhya Pradesh	1.86 (1.99)	3.96 (2.26)	5.82 (2.16)	7.04 (4.01)	11.36 (2.73)	18.40 (3.11)	4.66 (2.60)	20.84 (2.67)	25.50 (2.66)	13.56 (3.02)	20.84 (2.67)	34.40 (2.80)
9. Madras	0.79 (0.84)	0.02 (0.01)	0.81 (0.30)	6.06 (3.45)	3.39 (0.81)	9.45 (1.60)	20.01 (11.16)	32.09 (4.12)	52.10 (5.43)	26.86 (5.99)	32.09 (4.12)	58.95 (4.80)
10. Mysore ..	3.51 (3.75)	2.89 (1.65)	6.40 (2.38)	10.98 (6.25)	21.94 (5.27)	32.92 (5.56)	6.58 (3.67)	32.19 (4.13)	38.77 (4.04)	21.07 (4.70)	32.19 (4.13)	53.26 (4.34)
11. Orissa ..	1.54 (1.64)	1.95 (1.11)	3.49 (1.30)	5.02 (2.86)	7.35 (1.76)	12.37 (2.09)	6.29 (3.51)	20.80 (2.67)	27.09 (2.83)	12.85 (2.86)	20.80 (2.67)	33.65 (2.74)

(Rs. lakhs)

State	1956-57			1957-58			1958-59			Grand Total	
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan
12. Punjab ..	7.58 (8.09)	18.05 (10.29)	25.63 (9.52)	17.23 (9.81)	44.57 (10.70)	61.80 (10.44)	5.35 (2.98)	64.12 (8.23)	69.47 (7.24)	30.16 (6.72)	64.12 (8.23)
13. Rajasthan	9.71 (10.36)	18.95 (10.80)	28.66 (10.65)	17.60 (10.02)	43.08 (10.35)	60.68 (10.25)	10.74 (5.99)	52.93 (6.79)	63.67 (6.64)	38.05 (8.48)	52.93 (6.79)
14. Uttar Pra- desh	18.20 (19.42)	41.88 (23.88)	60.08 (22.33)	41.02 (23.35)	101.44 (24.36)	142.46 (24.06)	27.75 (15.48)	209.94 (26.93)	237.69 (24.79)	86.97 (19.39)	209.94 (26.93)
15. West Ben- gal	2.62 (2.80)	4.17 (2.38)	6.79 (2.52)	5.81 (3.31)	9.59 (2.30)	15.40 (2.60)	9.37 (5.24)	22.06 (2.83)	31.43 (3.28)	17.80 (3.97)	22.06 (2.83)
16. Tripura	—	—	—	0.08 (0.04)	—	0.08 (0.01)	—	0.09 (0.01)	0.09 (0.01)	0.08 (0.02)	0.09 (0.01)
Total ..	93.70	175.37	269.07	175.67	416.43	592.10	179.27*	779.61	958.88*	448.64*	779.61
											1,228.25*

*Includes Rs. 0.50 lakhs refunded for which State-wise break-up is not available.

Note.— Excludes disbursements on common items out of sanction for Ambar programme shown under traditional Khadi.

Figures in brackets indicate the percentages to the respective totals.

Excludes funds disbursed towards the purchase of Ambars for Afghanistan.

STATEMENT 12 (i)
Per capita productivity on Ambar (1958-59)

State	Yarn production in 1958-59 (lakh lbs)	Ambars distributed as on 31-3-59 (000's)	Yarn production per Ambar (hanks)*		Ambars distributed as on 31-3-58 (000's)	Yarn production per Ambar (hanks)*	
			Per year	Per day (on the basis of 200 days' work in a year)		Per year	Per day (on the basis of 200 days' work in a year)
1. Andhra	3.92	26.8	263.2	1.32	12.2	578.4	2.89
2. Bihar	6.24	48.2	233.0	1.17	20.4	550.6	2.75
3. Bombay	1.67	18.8	159.9	0.80	13.7	219.4	1.10
4. Kerala	0.96	5.3	326.0	1.63	2.2	785.5	3.93
5. Madhya Pradesh	1.09	6.3	311.4	1.56	3.9	503.1	2.52
6. Madras	3.00	13.3	406.0	2.03	4.8	1,125.0	5.63
7. Mysore	1.68	12.8	236.3	1.18	8.8	343.6	1.72
8. Orissa	1.16	4.9	426.1	2.13	1.8	1,160.0	5.80
9. Punjab	3.22	18.4	315.0	1.58	10.6	546.8	2.73
10. Rajasthan	3.06	19.6	281.0	1.41	13.7	402.0	2.01
11. Uttar Pradesh	11.54	62.0	335.0	1.68	48.4	429.2	2.15
12. West Bengal	0.75	6.5	207.8	1.04	2.8	482.1	2.41
TOTAL	38.29	243.6@	271.7£	1.38£	144.0@	440.1£	2.26£

*On the assumption that production of yarn was of 18's.

@State-wise break-up not available for 0.7 thousand Ambars.

£Weighted averages.

Note: -Excludes data for Assam, Delhi and Jammu & Kashmir.

STATEMENT 12 (ii)
Per capita productivity on Ambar (1958-59)

State	Ambars dis-tributed as on 31-3-59 (000's)	Yarn pro-duction (lakh lbs.)	Cloth pro-duction reported (lakh sq. yds.)	Average per Ambar per year (sq. yds.)	Estimated cloth prod-uction @ 3·6 sq. yds. per lb. (lakh sq. yds.)	Estimated average per Ambar per year (sq. yds.)
1. Andhra	26·8	3·92	49·12	183·3	14·11	52·6
2. Bihar	48·2	6·24	21·94	45·5	22·46	46·6
3. Bombay	18·8	1·67	4·39	23·4	6·01	32·0
4. Kerala	5·3	0·96	2·84	53·6	3·47	65·5
5. Madhya Pradesh	6·3	1·09	1·74	27·6	3·92	62·2
6. Madras	13·3	3·00	13·35	100·4	10·80	81·2
7. Mysore	12·8	1·68	6·47	50·5	6·05	47·3
8. Orissa	4·9	1·16	3·40	69·4	4·18	85·3
9. Punjab	18·4	3·22	17·93	97·4	11·59	63·0
10. Rajasthan	19·6	3·06	15·99	81·6	11·02	56·2
11. Uttar Pradesh	62·0	11·54	99·61	160·7	41·54	67·0
12. West Bengal	6·5	0·75	3·26	50·2	2·70	41·5
TOTAL	243·6*	38·29	240·04	98·5	137·84	56·6

*State-wise break-up not available for 0·7 thousand Ambars.

STATEMENT 13
Spinners and weavers employed

State	No. of spinners' families			No. of weavers' families	
	1956-57	1957-58	1958-59	upto 1957-58	1958-59
1. Andhra	3,307	12,188	26,817	1,665	4,879
2. Assam	—	19	366	5	6
3. Bihar	5,000	20,452	48,171	491	491
4. Bombay	5,613	13,693	18,807	599	810
5. Delhi	200	481	866	1	29
6. Jammu & Kashmir	—	56	203	10	10
7. Kerala	350	2,203	5,346	373	576
8. Madhya Pradesh	806	3,868	6,254	65	207
9. Madras	1,536	4,794	13,313	420	893
10. Mysore	3,742	8,836	12,837	1,070	1,560
11. Orissa	507	1,828	4,940	808	965
12. Punjab	2,492	10,585	18,356	1,582	2,380
13. Rajasthan	5,362	13,692	19,584	865	1,732
14. Uttar Pradesh	15,800	48,401	61,953	160	3,491
15. West Bengal	367	2,835	6,542	169	742
TOTAL	45,742*	1,44,591*	2,45,015*	8,283	18,771

* State-wise break-up not available for 660 spinners employed.

Note.—The figures of employment are cumulative.

STATEMENT 14
Ambar programme in Community Development Blocks

State	1956-57				1957-58				1958-59			
	Ambars distributed*	No. of centres	Yarn produced (lbs.)	Cloth produced (sq. yds.)	Ambars distributed*	No. of centres	Yarn produced (lbs.)	Cloth produced (sq. yds.)	Ambars distributed*	No. of centres	Yarn produced (lbs.)	Cloth produced (sq. yds.)
1. Andhra	—	6	629	—	344	6	7,626	8,207	754	49	10,584	12,271
2. Bihar ..	3,053	—	60,059	1,29,000	17,483	258	2,00,163	7,54,471	23,265	269	4,62,687	12,65,832
3. Bombay	677	10	9,654	6,172	1,548	10	33,509	40,121	2,039	38	27,985	59,049
4. Kerala ..	80	10	773	—	224	N.A.	3,209	5,276	478	52	17,081	50,664
5. Madhya Pradesh	727	8	18,769	29,072	3,576	11	60,865	41,178	4,144	28	36,663	45,012
6. Madras	195	8	5,985	3,685	1,234	14	40,207	95,603	5,327	58	1,03,301	1,78,288
7. Mysore	832	19	12,869	17,706	1,915	10	22,044	1,17,172	2,738	71	31,811	1,52,811
8. Punjab ..	513	65	15,155	26,017	2,618	19	56,680	1,92,381	3,456	114	38,911	87,193
9. Rajasthan	—	2	51	—	319	5	5,675	9,904	512	37	7,661	73,529
10. Uttar Pradesh	438	16	11,368	6,790	3,035	N.A.	1,01,179	2,05,129	5,107	75	44,672	1,00,500
11. West Bengal	48	6	646	322	168	6	1,095	2,219	599	27	10,184	9,896
TOTAL	6,553	150	1,35,858	2,18,764	32,464	339	5,32,252	14,71,661	48,419	818	7,91,540	20,35,045

*Progressive total.

STATEMENT 16

State-wise, year-wise retail sales

		(Rs. lakhs)								
State		1953-54	1954-55	1955-56	1956-57	1957-58	1958-59			
1. Andhra	.. .. .	4.38	20.33	18.53	45.85	72.42	65.17			
2. Assam	.. .. .	0.88	0.82	1.35	1.49	1.65	4.27			
3. Bihar	.. .. .	16.67	24.95	43.95	67.62	71.28	59.97			
4. Bombay	.. .. .	31.45	99.96	142.20	195.31	204.33	224.91			
5. Delhi	.. .. .	0.02	0.32	12.86	33.94	31.07	34.82			
6. Jammu and Kashmir	.. .. .	0.12	1.22	0.67	0.58	0.67	1.16			
7. Kerala	.. .. .	4.92	7.78	9.33	7.84	10.06	10.28			
8. Madhya Pradesh	.. .. .	6.32	17.50	13.87	4.04	17.57	27.72			
9. Madras	.. .. .	9.16	49.69	51.68	51.52	97.40	83.05			
10. Mysore	.. .. .	2.22	8.95	7.75	16.68	58.93	57.62			
11. Orissa	.. .. .	2.39	3.37	2.52	1.95	3.64	2.09			
12. Punjab	.. .. .	1.50	10.90	18.27	29.57	42.60	66.72			
13. Rajasthan	.. .. .	2.66	9.48	13.94	18.72	34.14	45.26			
14. Uttar Pradesh	.. .. .	45.61	76.77	91.44	133.75	167.88	153.09			
15. West Bengal	.. .. .	1.68	6.40	9.04	14.64	16.21	24.97			
TOTAL	.. .. .	129.98	338.44	437.40	623.50	829.85	861.10			

STATEMENT 18

Variety-wise sales in Bhavans

(Rs. lakhs)

	1954-55	1955-56	1956-57	1957-58	1958-59
A. Retail sales					
1. Khadi : (i) Cotton ..	6.90	17.27	29.29	35.34	36.92
(ii) Woollen ..	0.65	4.93	2.19	5.46	5.73
(iii) Silk ..	4.61	8.89	10.00	11.80	16.30
(iv) Ready-made	1.05	1.48	1.83	3.11	5.72
TOTAL 1 ..	13.21	32.57	43.31	55.71	64.67
2. Village industries & other products ..	6.28	10.14	12.23	13.95	16.87
TOTAL A ..	19.49	42.71	55.54	69.66	81.54
B. Wholesale sales					
1. Khadi : (i) Cotton ..	—	—	5.46	5.52	14.07
(ii) Woollen ..	—	—	0.76	0.71	3.47
(iii) Silk ..	—	—	0.47	0.77	15.86
(iv) Ready-made	—	—	—	0.12	3.56
TOTAL 1 ..	—	—	6.69	7.12	36.96
2. Village industries & other products	—	—	—	0.08	1.79
TOTAL B	—	—	6.69	7.20	38.75
C. Wholesale and retail					
1. Khadi : (i) Cotton	6.90	17.27	34.75	40.86	50.99
(ii) Woollen ..	0.65	4.93	2.95	6.17	9.20
(iii) Silk ..	4.61	8.89	10.47	12.57	32.16
(iv) Ready-made	1.05	1.48	1.83	3.23	9.28
TOTAL 1 ..	13.21	32.57	50.00	62.83	101.63
2. Village industries & other products	6.28	10.14	12.23	14.03	18.66
TOTAL C ..	19.49	42.71	62.23	76.86	120.29

STATEMENT 19

Retail and wholesale sales in Bhavans

(Rs. lakhs)

	1954-55	1955-56	1956-57	1957-58	1958-59
1. Khadi					
(i) Wholesale sales ..	—	—	6·69	7·12	36·96
(ii) Retail+Wholesales ..	13·21	32·57	50·00	62·83	101·63
(iii) (i) as % of (ii) ..	—	—	13·38	11·33	36·37
(iv) Wholesale sales in Bhavans as per cent of all-India wholesales ..	—	—	3·45	2·56	11·66
2. Village industries products					
(i) Wholesale sales ..	—	—	—	0·08	1·79
(ii) Retail+Wholesales ..	6·28	10·14	12·23	14·03	18·66
(iii) (i) as % of (ii) ..	—	—	—	0·57	9·59
3. Total (Khadi & villages in- dustries products).					
(i) Wholesale sales ..	—	—	6·69	7·20	38·75
(ii) Retail+Wholesale ..	19·49	42·71	62·23	76·86	120·29
(iii) (i) as % of (ii) ..	—	—	10·75	9·37	32·21

STATEMENT 20

Production and exports of Khadi for the period 1954-55 to 1958-59

(Rs. lakhs)

State	1954-55			1955-56			1956-57			1957-58			1958-59		
	Value of production	Whole sales out-side the State	%	Value of production	Whole sales out-side the State	%	Value of production	Whole sales out-side the State	%	Value of production	Whole sales out-side the State	%	Value of production	Whole sales out-side the State	%
1. Andhra	49.29	21.43	43.48	61.85	27.16	43.91	68.30	26.77	39.19	117.90	33.36	28.30	166.61	40.71	24.43
2. Assam	0.92	0.49	53.26	0.09	0.15	166.67	1.50	0.87	58.00	2.58	1.46	56.59	5.00	2.00	40.00
3. Bihar	41.02	11.11	27.08	68.50	14.60	21.31	73.39	17.65	24.05	113.41	26.07	22.99	150.11	22.80	15.19
4. Bombay	5.29	2.99	56.52	10.48	5.11	48.76	14.97	7.41	49.50	20.31	17.46	85.97	43.31	22.26	51.40
5. Delhi	0.72	0.32	44.44	1.65	0.38	23.03	2.17	6.32	291.24	3.05	4.11	134.75	6.54	8.20	125.38
6. Jammu & Kashmir	4.51	4.41	97.78	7.87	7.03	89.33	12.37	11.22	90.70	14.51	14.05	96.83	17.66	18.63	105.49
7. Kerala	1.99	0.83	41.71	3.41	0.51	14.96	5.95	1.61	27.06	6.93	0.55	7.94	11.23	0.18	1.60
8. Madhya Pradesh	4.72	0.38	8.05	3.57	0.51	14.29	4.78	N.A.	N.A.	6.32	0.13	2.06	13.36	1.22	9.13
9. Madras	77.46	18.39	23.74	100.85	11.60	11.50	125.95	16.36	12.99	147.13	25.83	17.56	180.54	43.60	24.15
10. Mysore	5.97	0.82	13.74	11.08	1.20	10.83	20.41	1.49	7.30	58.80	1.60	2.72	50.55	7.55	14.94
11. Orissa	3.65	0.65	17.81	3.83	0.84	21.93	5.84	0.35	5.99	8.23	0.46	5.59	11.21	0.36	3.21
12. Punjab	25.52	9.60	37.62	44.78	11.24	25.10	63.20	15.66	24.78	108.70	26.72	24.58	178.26	37.68	21.14
13. Rajasthan	31.97	20.87	65.28	50.58	29.93	59.17	52.30	39.04	74.65	65.74	53.41	81.24	109.83	33.98	30.94

State	1954-55			1955-56			1956-57			1957-58			1958-59		
	Value of production	Whole sales outside the State	%	Value of production	Whole sales outside the State	%	Value of production	Whole sales outside the State	%	Value of production	Whole sales outside the State	%	Value of production	Whole sales outside the State	%
14. Uttar Pradesh	66.85	13.89	20.78	88.43	23.61	26.70	165.89	32.90	19.83	182.72	46.76	25.59	245.97	49.77	20.23
15. West Bengal	13.51	10.62	78.61	14.71	13.85	94.15	17.04	16.17	94.89	37.42	26.24	70.12	41.19	28.08	68.17
TOTAL	333.39	116.80	35.03	471.68	147.72	31.32	634.37	193.82	30.55	893.75	278.21	31.13	1,231.37	317.02	25.75
Sales to Central Government	—	34.84	—	—	67.34	—	—	97.98	—	—	110.64	—	—	95.90	—
GRAND TOTAL	333.39	151.64	45.48	471.68	215.06	45.59	634.37	291.80	46.00	893.75	388.85	43.51	1,231.37	412.92	33.53

STATEMENT 22

Indices of production for sale

(Base : 1950-51=100)

State					1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Andhra	..	..	..	..	153	405	459	491	914	1,426
Bihar	..	..	..	..	59	173	275	311	449	519
Kerala	..	..	..	..	34	44	81	159	178	319
Madras	..	..	..	..	132	186	237	285	332	417
Mysore	..	..	..	..	96	90	120	236	341	511
Orissa	..	..	..	..	109	129	144	201	284	433
Punjab	..	..	..	....	90	140	312	386	688	1,341
Rajasthan	..	..	..	..	201	394	501	390	562	1,216
Uttar Pradesh	..	..	..	..	123	204	221	421	522	654
West Bengal	..	..	..	..	59	139	70	108	243	519

STATEMENT 23

Khadi retail sales value indices

(Base : 1950-51=100)

State					1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Andhra	..	..	..	..	109	504	460	1,138	1,797	1,617
Bihar	..	..	..	..	124	185	327	502	530	446
Bombay	..	..	..	..	140	445	633	869	909	1,000
Kerala	..	..	..	..	259	409	491	413	529	541
Madras	..	..	..	..	49	266	277	276	521	445
Mysore	..	..	..	..	64	259	224	482	1,703	1,665
Orissa	..	..	..	..	193	272	203	157	294	169
Punjab	..	..	..	..	39	282	473	766	1,104	1,729
Rajasthan	..	..	..	..	82	292	429	576	1,050	1,393
Uttar Pradesh	..	..	..	..	245	412	490	717	900	821
West Bengal	..	..	..	..	92	350	494	800	886	1,364

STATEMENT 24

Index numbers

Khadi wholesale sales (outside the state)

State				1954-55	1955-56	1956-57	1957-58	1958-59
1. Andhra	..	..	..	100	113	119	137	164
2. Bihar	..	..	..	100	116	137	186	195
3. Kerala	..	..	..	100	81	137	102	63
4. Madras	..	..	..	100	81	85	113	175
5. Mysore	..	..	..	100	123	152	174	548
6. Orissa	..	..	..	100	114	83	76	66
7. Punjab	..	..	..	100	109	136	207	299
8. Rajasthan	..	..	..	100	121	154	205	183
9. Uttar Pradesh	....	..		100	134	185	261	309
10. West Bengal	..	..	..	100	115	133	190	227

STATEMENT 25

Break-up of cost of one seer of yarn of 12's and 16's

(Naye Paise)

Components of costs	Count 12				Count 16			
	Hyderabad (Wardha)	Punjab (Deshi)	Rajasthan		Hyderabad (Wardha)	Punjab (Narma)	Rajasthan	
			Deshi	Wardha			Wardha	Surti
1. Raw cotton including wastage ..	213 (36.2)	176 (31.6)	169 (30.8)	236 (36.4)	213 (28.4)	267 (31.9)	236 (29.9)	326 (36.4)
2. Carding	50 (8.5)	50 (9.0)	47 (8.6)	80 (12.3)	75 (10.0)	100 (12.0)	80 (10.2)	106 (11.8)
3. Spinning	325 (55.3)	331 (59.4)	332 (60.6)	332 (51.3)	462 (61.6)	469 (56.1)	472 (59.9)	464 (51.8)
4. Cost per seer	588	557	548	648	750	836	788	896
5. Actual price at which institutions buy yarn from spinners	588	556	550	650	750	836	790	895

Note : Figures in brackets indicate the percentages to the respective totals.

STATEMENT 26

Break-up of costs of cloth

(Naye Paise)

Components of costs Variety of cotton used	Cloth of 12's, 12½ yds × 45", Punjam 15, 40 × 40		Cloth of 16's, 16 yds × 27" 11½ Punjam		
	Hyderabad (Wardha)	Punjab (Deshi)	Hyderabad (Wardha)	Rajasthan	
				Wardha	Surti
1. Raw Cotton including wastage	499 (21·9)	416 (16·8)	372 (17·0)	408 (16·5)	561 (20·9)
2. Carding	117 (5·1)	116 (4·7)	131 (6·0)	138 (5·6)	182 (6·8)
3. Spinning	762 (33·4)	781 (31·5)	808 (37·0)	816 (33·0)	799 (29·8)
4. Cost of yarn	1378 (60·4)	1313 (53·0)	1311 (50·0)	1362 (55·1)	1542 (57·5)
5. Weaving wages	489 (21·4)	675 (27·3)	486 (22·2)	689 (27·9)	689 (25·7)
6. Washing	50 (2·2)	110 (4·4)	39 (1·8)	25 (1·0)	25 (0·9)
TOTAL	1917	2098	1836	2076	2256
7. Establishment charges	364 (16·0)	378 (15·3)	349 (16·0)	394 (16·0)	429 (15·9)
8. Total cost	2281	2476	2185	2470	2685
9. Cost per yard	182	198	137	154	168

Note: Figures in brackets indicate the percentages to the respective total costs.

STATEMENT 27
Break-up of cost of handloom cloth (20's)

Name of centre	Variety	Warp	Weft	Reeds	Picks	Length yds.	Breadth inches	Cost of yarn Rs.As.Ps.	Other materials Rs.As.Ps.	Wages Rs.As.Ps.	Dyeing charges Rs.As.Ps.	Other charges Rs.As.Ps.	Total cost of production Rs.As.Ps.
Alamanda, Andhra ..	Dhoti	20	20	16	42	14	45	5 12 2 (65.3)	—	2 5 0 (26.2)	0 9 0 (6.3)	0 3 0 (2.2)	8 13 2 (100.0)
Vempadu, Andhra ..	Dhoti	20	20	60			50	1 15 6 (72.6)	—	0 10 0 (23.0)	0 2 0 (4.4)	—	2 11 6 (100.0)
Mannayard, Kerala ..	Shirting	20	20	56	56	24	30	9 2 2 (46.0)	2 12 0 (13.8)	4 10 0 (23.2)	1 0 0 (5.1)	2 6 0 (11.9)	19 14 2 (100.0)
Kurinipadi, Madras ..	Saree	20	20	40	44	110	44	44 1 6 (61.6)	—	10 5 0 (14.4)	12 8 0 (17.5)	4 10 9 (6.5)	71 9 3 (100.0)
Puthiamputhur, Madras ..	Saree	20	20	44	48	7	44	2 15 6 (63.0)	0 1 0 (1.3)	0 9 0 (11.9)	0 12 0 (16.0)	0 6 0 (7.8)	4 11 6 (100.0)
Pachhapur, Mysore	Dhoti	20	20	20	24	6	42	0 5 8 (60.3)	—	0 1 7 (17.2)	0 0 2 (1.7)	0 1 11 (20.8)	0 9 4 (100.0)

Note : Figures in brackets indicate percentages to the respective totals.
Source : Report of the Textile Enquiry Committee, Vol. II.

STATEMENT 28
Indices of components of cost
(Base Year 1939 = 100)

Year	Cotton			Carding & spinning			Weaving			Management			Total		
	Bihar	Punjab	Ave- rage	Bihar	Punjab	Ave- rage	Bihar	Punjab	Ave- rage	Bihar	Punjab	Ave- rage	Bihar	Punjab	Ave- rage
1943	..	---	109	---	135	135	---	242	242	---	127	127	---	138	138
1947	..	251	176	246	193	220	615	445	530	472	201	337	318	218	268
1953	..	399	316	259	278	269	494	560	527	556	285	421	341	296	319
1957	..	399	401	259	285	272	494	564	534	556	304	430	341	331	336
1959	..	424	401	278	285	282	518	564	541	401	304	353	347	331	339

STATEMENT 29

Productivity and earnings (traditional Khadi) 1958-59

State	No. of spinners employed (000's)	Production of cloth (lakh sq. yds.)	Estimated yarn production (1) (lakh hanks)	Estimated yarn production per spinner (hanks)	Per capita earnings (2) Rs. nP.
1. Andhra	130.0	38.09	152.36	117.2	19.92
2. Bihar	126.6	56.09	224.36	177.2	30.12
3. Kerala	15.6	3.83	15.32	98.2	16.69
4. Madhya Pradesh	11.0	3.67	14.68	133.5	22.70
5. Madras	198.3	73.18	292.72	147.6	25.09
6. Mysore	15.0	7.33	29.32	195.5	33.24
7. Orissa	15.8	2.45	9.80	62.0	10.54
8. Punjab	67.7	66.43	265.72	392.5	66.73
9. Rajasthan	71.0	41.02	164.08	231.1	39.29
10. West Bengal	13.8	4.27	17.08	123.8	21.05
	664.8	296.36	1,185.44	164.4(3)	27.95(3)

Note : Excludes data for Assam, Bombay, Delhi, Jammu and Kashmir and Uttar Pradesh States.

(1) On the assumption of 4 hanks of yarn per sq. yd. of cloth.

(2) At the rate of Rs. 0.17 per hank of yarn.

(3) Weighted average.

STATEMENT 31
Percentage shares of States in production of Khadi and under self-sufficiency programme

State	1953-54		1954-55		1955-56		1956-57		1957-58		1958-59	
	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	Produc- tion of s.s. cloth as % of the total production of total Khadi in the State	
1. Andhra	1.49	1.58	1.27	0.92	0.95	1.92	0.40	1.70	0.41	1.29	0.36	0.41
2. Assam	—	—	0.06	7.69	—	—	0.02	50.00	0.01	0.05	—	—
3. Bihar	5.94	6.30	0.44	0.31	0.26	0.36	0.60	1.64	0.45	1.17	7.63	8.88
4. Bombay	35.15	54.12	41.61	72.76	18.83	67.08	3.90	38.05	5.08	47.62	2.82	12.01
5. Delhi	—	—	—	—	0.03	0.03	0.98	51.00	3.41	75.66	5.38	53.86
6. Jammu & Kashmir.	—	—	—	—	0.10	66.67	0.57	82.42	0.83	76.96	0.08	16.67
7. Kerala	—	—	—	—	—	—	—	—	—	—	0.02	0.30
8. Madhya Pradesh.	0.59	4.65	0.22	2.00	0.06	1.40	0.04	2.28	0.03	1.67	0.21	3.74
9. Madras	43.07	13.69	5.93	2.72	0.67	0.79	0.30	0.65	0.12	0.32	0.06	0.07
10. Mysore	3.27	11.30	0.71	5.10	0.22	3.85	0.01	0.16	0.11	2.02	0.19	1.36
11. Orissa	0.20	1.34	—	—	—	—	—	—	0.01	0.26	0.03	0.51
12. Punjab	6.44	10.35	31.04	39.11	57.64	63.02	67.13	78.36	60.85	71.36	39.64	31.92
13. Rajasthan	2.87	2.79	1.27	1.23	5.83	12.57	7.52	35.02	6.89	31.65	1.71	2.91
14. Uttar Pradesh.	0.89	0.40	7.21	3.37	15.19	17.79	17.85	23.14	21.62	28.48	41.47	25.58
15. West Bengal.	0.29	3.41	10.24	48.06	0.22	10.53	0.68	36.33	0.18	8.09	0.40	5.04
TOTAL	100.00	9.76	100.00	9.82	100.00	20.91	100.00	31.65	100.00	31.00	100.00	14.71

S.S. = Self-sufficiency

STATEMENT 32

Sales to artisans and total retail sales

State	1955-56				1956-57				1957-58				1958-59			
	Sales to artisans		Total retail sales		Sales to artisans		Total retail sales		Sales to artisans		Total retail sales		Sales to artisans		Total retail sales	
	(2)	(3)	Col. 2 as % of Col. 3	(4)	(5)	(6)	Col. 5 as % of Col. 6	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Col. 11 as % of Col. 12	(14)
1. Andhra	0.74	18.53	3.99	3.99	1.59	45.85	3.47	3.47	2.59	72.42	3.58	3.92	65.17	6.01	6.01	6.01
2. Assam	0.01	1.35	0.74	0.74	—	1.49	—	—	—	1.65	—	0.04	4.27	0.94	0.94	0.94
3. Bihar	8.67	43.95	19.73	19.73	8.47	67.62	12.53	12.53	11.65	71.28	16.34	10.63	59.97	17.73	17.73	17.73
4. Bombay	2.59	74.86	3.46	3.46	4.78	97.33	4.91	4.91	4.22	93.69	4.50	0.01	129.01	0.03	0.03	0.03
5. Delhi	—	12.86	—	—	—	33.94	—	—	2.39	31.07	7.69	—	34.82	—	—	—
6. Jammu & Kashmir	—	0.67	—	—	—	0.58	—	—	—	0.67	—	0.01	1.16	0.86	0.86	0.86
7. Kerala	2.60	9.33	27.87	27.87	2.62	7.84	33.42	33.42	0.09	10.06	0.89	2.03	10.28	19.75	19.75	19.75
8. Madhya Pradesh	0.19	13.87	1.37	1.37	0.01	4.04	0.25	0.25	0.11	17.57	0.63	0.32	27.72	1.15	1.15	1.15
9. Madras	10.39	51.68	20.10	20.10	4.02	51.52	7.80	7.80	22.61	97.40	23.21	22.11	83.05	26.62	26.62	26.62
10. Mysore	0.41	7.75	5.29	5.29	0.68	16.68	4.08	4.08	0.08	58.93	0.14	0.54	57.62	0.94	0.94	0.94
11. Orissa	0.15	2.52	5.95	5.95	0.11	1.95	5.64	5.64	0.51	3.64	14.01	0.50	2.09	23.92	23.92	23.92
12. Punjab	1.38	18.27	7.55	7.55	1.49	29.57	5.04	5.04	4.88	42.60	11.46	10.48	66.72	15.71	15.71	15.71
13. Rajasthan	0.12	13.94	0.86	0.86	0.26	18.72	1.39	1.39	0.23	34.14	0.67	0.44	45.26	0.97	0.97	0.97
14. Uttar Pradesh	10.14	91.44	11.09	11.09	18.30	133.75	13.68	13.68	25.29	167.88	15.06	29.38	153.09	19.19	19.19	19.19
15. West Bengal	0.09	9.04	1.00	1.00	0.14	14.64	0.96	0.96	0.26	16.21	1.60	0.27	24.97	1.08	1.08	1.08
TOTAL	37.48	370.06	10.13	10.13	42.47	525.52	8.08	8.08	74.91	719.21	10.42	80.68	765.20	10.54	10.54	10.54

Note — Total retail sales are exclusive of sales to Central Government against accepted tenders.

STATEMENT 33

State-wise year-wise disbursement of funds on training schemes

State		(Rs. lakhs)									
		1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	Total			
1.	Andhra .. .. .	..	..	..	..	1.51	0.80	3.15			
2.	Assam .. .. .	..	..	..	..	..	0.60	0.60			
3.	Bihar .. .. .	..	..	..	..	2.24	4.11	8.38			
4.	Bombay .. .. .	..	..	..	..	4.74	8.75	24.71			
5.	Delhi .. .. .	..	..	..	..	..	1.21	1.57			
6.	Kerala .. .. .	..	..	..	..	0.71	1.00	2.17			
7.	Madhya Pradesh .. .. .	..	..	..	..	0.35	0.43	2.02			
8.	Madras .. .. .	..	..	..	..	2.66	2.66	6.48			
9.	Mysore .. .. .	..	..	..	..	2.45	1.50	3.99			
10.	Orissa .. .. .	..	..	..	..	..	0.70	0.76			
11.	Punjab .. .. .	..	..	..	..	0.99	2.72	6.70			
12.	Rajasthan .. .. .	..	..	..	..	0.32	0.54	2.09			
13.	Uttar Pradesh .. .. .	..	..	..	..	1.33	2.50	6.93			
14.	West Bengal .. .. .	..	..	..	..	0.42	0.42	1.66			
TOTAL		0.51	1.48	12.35	11.21	17.72	27.94	71.21			

STATEMENT 35

Traditional Khadi—Scheme-wise disbursement of funds to cooperatives

(Rupees)

Scheme	1933-54	1954-55	1955-56	1956-57	1957-58	1958-59	Total
I. Grants							
(i) Production/sale subsidy	..	..	..	..	1,85,969	4,27,885	8,78,910
(ii) Sales rebate	..	..	..	..	12,36,763	17,69,675	47,67,279
(iii) Vastrawavalamban	..	..	..	..	3,16,595	12,152	3,91,056
(iv) Saranjam subsidy	..	..	..	..	63,875	44,562	2,55,304
(v) Agents' honorarium	..	..	..	..	7,046	14,676	32,186
(vi) Peripatetic parties	..	..	..	..	35,874	5,870	49,689
(vii) Opening of sales bhandars	..	..	..	..	55,750	35,676	1,62,305
(viii) Promotion of hand-spinning	..	..	..	..	3,894	2,500	29,098
(ix) Spinning competitions	..	..	..	..	28,092	3,271	32,043
(x) Refresher courses	..	..	..	..	2,205	5,643	7,848
(xi) Rehabilitation of weavers	..	..	..	..	2,500	1,500	9,500
(xii) Exhibitions	..	..	..	..	3,200	—	18,700
(xiii) Khadi hundis	..	..	..	..	40	—	426
(xiv) Training for salesmanship	..	..	..	..	—	—	6,021
(xv) Training in registered vidyalayas	..	..	..	..	29,055	—	1,06,225
(xvi) Construction of godowns	..	..	..	..	—	—	50,000
(xvii) Spinning classes in jails	..	..	..	..	717	—	717
(xviii) Conferences and seminars	..	..	..	..	—	199	199
TOTAL	68,368	1,78,868	5,95,965	16,59,838	19,70,858	23,23,609	67,97,506
II. Loans							
(i) Working capital	..	..	..	..	6,23,000	4,43,000	23,91,500
TOTAL (I + II)	3,01,500	2,11,100	4,98,400	3,14,500	6,23,000	4,43,000	23,91,500
TOTAL (I + II)	3,69,868	3,89,968	10,94,365	19,74,338	25,93,858	27,66,609	91,89,006

STATEMENT 37
AMBAR PROGRAMME

Scheme-wise disbursement of funds to cooperatives

(Rupees)

Scheme	1956-57	1957-58	1958-59	Total
I. Grants				
1. Ambar shiksha vargs	1,49,585	1,78,825	73,335	4,01,745
2. Vidyalayas	17,506	13,255	---	30,761
3. Saranjam karyalayas	79,000	16,000	12,000	1,07,000
4. Training of weavers	---	22,950	10,800	33,750
5. Training of carpenters	8,992	28,988	13,123	51,103
6. Supply of Ambars to training institutions.			45,000	45,000
7. Supply and servicing of Ambars.		9,300	2,700	12,000
8. Saranjam karyalayas for setting up kilns.			1,000	1,000
9. Aid to weavers			9,994	9,994
10. Opening of model production-cum-sales centres.			46,845	46,845
11. Construction of godowns			10,000	10,000
12. Repairs and depreciation			377	377
TOTAL I ..	2,55,083	2,69,318	2,25,174	7,49,575
II. Loans				
1. Manufacture of Ambars	2,15,000	38,000	17,000	2,70,000
2. Production and sales	80,000	82,400	1,56,000	3,18,400
3. Construction of godowns	---	25,000	15,000	40,000
4. Hire Purchase	84,000	51,080	1,93,200	4,28,280
5. Cotton purchase	92,450	27,800	2,15,000	7,35,250
6. Working capital for saranjam karyalayas.			1,000	1,000
7. Share capital to cooperatives			49,175	49,175
TOTAL II ..	4,71,450	7,24,280	6,46,375	18,42,105
TOTAL (I+II) ..	7,26,533	9,93,598	8,71,549	25,91,680

STATEMENT 38

AMBAR PROGRAMME

State-wise disbursement of funds to cooperatives

State	1956-57			1957-58			1958-59			(Rupees)		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
1. Andhra ..	26,400	11,000	37,400	6,500	77,000	83,500	9,635	66,000	75,635	42,535	1,54,000	1,96,535
2. Bihar ..	—	—	—	2,000	1,08,100	1,10,100	7,000	68,000	75,000	9,000	1,76,100	1,85,100
3. Bombay ..	7,800	1,25,000	1,32,800	2,925	25,200	28,125	16,615	54,425	71,040	27,340	2,04,625	2,31,965
4. Kerala ..	—	—	—	—	2,500	2,500	3,000	5,000	8,000	3,000	7,500	10,500
5. Madhya Pradesh.	—	—	—	—	—	—	22,565	68,750	91,315	22,565	68,750	91,315
6. Madras ..	17,800	—	17,800	—	10,000	10,000	5,000	20,000	25,000	22,800	30,000	52,800
7. Mysore ..	1,21,492	40,000	1,61,492	1,07,193	1,10,480	2,17,673	1,00,859	1,28,200	2,29,059	3,29,544	2,78,680	6,08,224
8. Rajasthan	24,500	1,57,450	1,81,950	94,350	2,61,500	3,55,850	60,500	2,36,000	2,96,500	1,79,350	6,54,950	8,34,300
9. Delhi ..	57,091	1,38,000	1,95,091	56,350	1,29,500	1,85,850	—	—	—	1,13,441	2,67,500	3,80,941
TOTAL ..	2,55,083	4,71,450	7,26,533	2,69,318	7,24,280	9,93,598	2,25,174	6,46,375	8,71,549	7,49,575	18,42,105	25,91,680

STATEMENT 39

Production of traditional Khadi during 1957-58 and 1958-59

State	(Value in Rupees)									
	Cotton				Woollen		Silk		Total	
	1957-58	1958-59	1957-58	1958-59	1957-58	1958-59	1957-58	1958-59	1957-58	1958-59
1. Andhra	2,67,921	2,23,895	7,38,796	9,59,657	..	3,524	10,06,717	11,87,076
2. Assam	748	..	..	..	804	..	1,552	..
3. Bihar	3,43,535	3,54,407	15,000	164	..	..	3,58,535	3,54,571
4. Bombay	3,66,873	1,98,392	92,372	52,956	..	..	4,59,245	2,51,348
5. Kerala	11,941	11,928	..	..	..	..	11,941	11,928
6. Madhya Pradesh	80,858	40,598	11,397	..	..	40,598	92,255
7. Madras	85,736	..	..	..	..	..	85,736	..
8. Mysore	2,34,789	1,64,521	20,91,577	16,26,577	16,862	..	23,43,228	17,91,098
9. Orissa	37,449	36,315	..	..	..	..	37,499	36,315
10. Punjab	1,11,935	..	..	..	1,11,935
11. Rajasthan	9,37,643	4,78,924	..	..	..	..	9,37,643	4,78,924
12. Uttar Pradesh	33,488	..	..	..	33,488	..
13. West Bengal	21,770	104	54,784	..	13,91,443	13,10,710	14,67,997	13,10,814
14. Delhi	9,28,085	..	..	..	1,13,977	..	10,42,062	..
Total	32,36,540	15,49,344	30,66,615	27,62,686	15,23,086	13,14,234	78,26,241	56,26,264

STATEMENT 40
Production of Ambar Khadi

State	1957-58		1958-59	
	Quantity (Sq. yds.)	Value (Rs.)	Quantity (Sq. yds.)	Value (Rs.)
1. Andhra	4,874	8,529	14,111	24,694
2. Bihar	11,985	20,974	84,478	1,47,836
3. Bombay	19,500	34,125	18,442	32,274
4. Delhi	37,624	65,842	25,517	44,655
5. Mysore	66,089	1,15,656	93,416	1,63,478
6. Rajasthan	1,11,860	1,95,755	1,26,540	2,21,445
TOTAL ..	2,51,932	4,40,881	3,62,504	6,34,382

STATEMENT 41
Retail sales—1957-58 and 1958-59

(Rupees)

State	1957-58	1958-59
1. Andhra	25,60,424	28,47,630
2. Assam	67,479	-
3. Bihar	88,702	1,67,810
4. Bombay	23,71,757	20,62,869
5. Kerala	12,653	10,985
6. Madhya Pradesh	29,214	58,160
7. Madras	97,849	1,44,578
8. Mysore	24,42,067	24,89,486
9. Orissa	35,269	27,685
10. Punjab	—	64,331
11. Rajasthan	2,96,128	3,85,317
12. Uttar Pradesh	18,259	—
13. West Bengal	2,88,864	3,76,163
TOTAL ..	83,08,665	86,35,014

STATEMENT 42

Intensive Areas (as on 31-3-1959)

State	S. No.	Name of the Area	District	No. of villages in the Area	Population
Andhra	1.	Madanapalle ..	Chittoor ..	113	2,10,000
Bihar	1.	Ranipatra ..	Purnia ..	23	18,125
	2.	Hansa ..	Darbhanga ..	28	22,452
	3.	Tiril ..	Ranchi ..	33	18,994
	4.	Sokhodeora ..	Gaya ..	24	62,000
	5.	Ratwara ..	Muzaffarpur ..	27	30,491
	6.	Kursela ..	Purnia ..	25	25,000
	TOTAL ..			160	1,77,062
Bombay	1.	Sagatala ..	Panch Mahal ..	24	14,303
	2.	Gundi ..	Ahmedabad ..	15	17,200
	3.	Vedchhi ..	Surat ..	28	32,000
	4.	Khadasali ..	Gohilwad ..	22	16,000
	5.	Malpara ..	Kandla ..	20	18,800
	6.	Shahpur ..	Sorath ..	18	18,000
	7.	Garudeshwar ..	Broach ..	40	12,000
	8.	Nasik ..	Nasik ..	26	16,988
	9.	Murud ..	Osmanabad ..	16	19,572
	10.	Adriana ..	Zalawad ..	18	17,000
	11.	Delwada ..	Sorath ..	21	20,362
	12.	Lohara ..	Osmanabad ..	18	18,500
	13.	Sanosara ..	Gohilwad ..	24	19,292
	14.	Jalia ..	Amreli ..	21	20,501
	15.	Sultanpur ..	Mehasana ..	20	22,151
	16.	Balaram ..	Banaskantha ..	50	20,341
	17.	Vanda ..	Gohilwad ..	21	22,104
	18.	Vanskui ..	Surat ..	27	20,000
	19.	Kurduwadi ..	Sholapur ..	26	32,348
	20.	Ainroli ..	Baroda ..	46	20,000
	21.	Suryavadar ..	Halar ..	23	16,995
	22.	Jeswada ..	Devagad Baria ..	29	23,859
	23.	Manar ..	Gohilwad ..	10	50,118
	TOTAL ..			563	4,88,434
Kerala	1.	Nemom ..	Trivandrum ..	10	20,000
	2.	Trichur ..	Trichur ..	6	20,756
	3.	Mudadi ..	Kozhikode ..	6	47,000
	TOTAL ..			22	87,756
Madhya Pradesh	1.	Thibgaon ..	Nimad ..	46	20,868
	2.	Tavlai ..	Dhar ..	53	21,174
	TOTAL			99	42,042

State	S. No.	Name of the Area	District	No. of villages in the Area	Population
Orissa	1.	Dabugam	Koraput	N.A.	N.A.
	2.	Kalyanshinghpur	Koraput	37	5,824
	3.	Narayanpatna	Koraput	N.A.	N.A.
	4.	Balasore	Balasore	N.A.	N.A.
	5.	Boipariguda	Koraput	71	24,826
	TOTAL			108	30,650
Rajasthan	1.	Sunwad	Udaipur	28	19,720
	2.	Khimel	Pali	21	20,992
	3.	Rajasamond	Udaipur	44	20,204
	TOTAL			93	60,916
Uttar Pradesh	1.	Ajagara	Varanasi	36	21,459
	2.	Sahason	Allahabad	33	21,556
	3.	Dhanaura	Moradabad	51	16,500
	4.	Raniwan	Faizabad	70	21,650
	5.	Doharighat	Azamgarh	37	31,616
	6.	Sevapuri	Varanasi	72	21,314
	7.	Fatehganj	Bareilly	32	20,371
	8.	Pukharayan	Kanpur	35	20,387
	9.	Kamelpur	Moradabad	52	26,500
	10.	Deengra	Moradabad	41	25,000
	11.	Karaundi	Moradabad	60	34,000
	12.	Kundarkhi	Moradabad	41	23,364
	13.	Rambaba	Faizabad	21	24,000
	14.	Khadgujar	Moradabad	47	18,691
	15.	Singhpursani	Moradabad	55	34,966
	16.	Bhittee	Faizabad	20	18,936
	17.	Gangesbhi	Moradabad	43	25,711
	18.	Kumalanagar.	Allahabad	40	20,521
	19.	Machharia	Moradabad	43	16,000
	20.	Shaheedgaon	Varanasi	35	23,053
	21.	Birankot	Varanasi	25	20,000
	22.	Tajpur	Moradabad	22	19,289
	23.	Majhagaon	Jaunpur	31	18,503
	TOTAL			948	5,23,387
West Bengal	1.	Khirpai	Midnapur	86	21,348
	GRAND TOTAL			2,192	16,41,595

STATEMENT 43

Pre-intensive Areas (as on 31-3-1959)

State	S. No.	Name of the Area	District	No. of villages in the Area	Population
Bihar	1.	Ziradei	Saran	35	40,000
	2.	Haveli Kharagpur	Monghyr	N.A.	N.A.
	TOTAL			35	40,000
Bombay	1.	Haveli	Poona	27	19,865
	2.	Wai	N. Satara	11	20,532
	3.	Ranweri	Surat	N.A.	N.A.
	TOTAL			38	40,400
Kerala	1.	Kanyannor	Trichur	4	25,572
Madhya Pradesh	1.	Shahjpur	Jabalpur	N.A.	N.A.
Madras	1.	Watrap	South Arcot	8	24,000
	2.	Kamakshipuram	Madurai	25	21,400
	3.	Manapachari	Madurai	23	23,400
	4.	Vanniankulam	Madurai	40	25,000
	TOTAL			96	93,800
Mysore	1.	Kumta	Karwar	19	29,716
	2.	Chilkunda	Mysore	N.A.	N.A.
	TOTAL			19	29,716
Rajasthan	1.	Hastera	Jaipur	30	21,000
	2.	Bhurkhia	Banaskantha	N.A.	N.A.
	3.	Jhonhanthari	Dungarpur	N.A.	N.A.
	4.	Bilia	Dungarpur	N.A.	N.A.
	5.	Pahita	Dungarpur	N.A.	N.A.
	TOTAL			30	21,000
Uttar Pradesh	1.	Bakira	Basti	26	16,572
	2.	Gooranabiganj	Badaun	23	23,369
	TOTAL			49	39,941
	GRAND TOTAL			271	2,90,429

STATEMENT 44

Intensive Area Scheme

Scheme-wise, year-wise disbursement of funds

Scheme	Up to 1955-56		1956-57		1957-58		1958-59		Total		(Rs. lakhs)
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	
I. Khadi :											
1. Traditional ..	1-65	0-90*	0-72	3-34	2-39	1-19	5-58	2-32	10-34	7-75	18-09
2 Ambar programme	—	—	1-74	2-54	4-73	10-73	7-01	14-32	13-48	27-59	41-07
TOTAL ..	1-65	0-90	2-46	5-88	7-12	11-92	12-59	16-64	23-82	35-34	59-16
II. Village industries :											
1. Processing of cereals & pulses.	—	0-55	0-01	0-36	—	0-12	—	0-78	0-01	1-81	1-82
2. Village oil ..	0-31	0-74	0-96	2-63	1-17	0-70	0-21	1-05	2-65	5-12	7-77
3. Village leather ..	0-27	0-34	0-25	0-48	0-63	0-19	0-60	0-34	1-75	1-35	3-10
4. Cottage match ..	0-18	0-27	0-32	0-49	—	—	—	—	0-50	0-76	1-26
5. Gur and khandhari	—	—	0-16	1-00	—	—	—	1-45	0-16	2-45	2-61
6. Palm gur ..	0-27	0-05	—	—	—	—	—	—	0-27	0-05	0-32
7. Non-edible oils and soap.	0-76	1-10	0-55	0-62	0-19	0-41	—	—	1-50	2-13	3-63
8. Handmade paper ..	—	—	—	—	—	—	0-23	0-45	0-23	0-45	0-68
9. Beekeeping ..	—	—	—	—	—	—	0-04	—	0-04	—	0-04
10. Village pottery ..	—	—	0-45	0-95	0-11	0-20	0-09	2-08	0-65	3-23	3-88
11. Fibre ..	—	—	0-05	0-05	0-72	0-36	0-35	—	1-12	0-41	1-53
2. Carpentry and black-smithy.	—	—	—	—	0-34	0-34	0-79	1-20	1-13	1-54	2-67
TOTAL ..	1-79	3-05	2-75	6-58	3-16	2-32	2-31	7-35	10-01	19-30	29-31

Break-up for the construction of godowns not available.

(Rs. lakhs)

Scheme	Up to 1955-56		1956-57		1957-58		1958-59		Total	
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan
III. Khadi godowns ..	1.00	—	0.90	—	0.25	—	—	0.03	2.15	0.03
IV. Village industries godowns.	3.40	1.75	1.25	0.63	0.55	0.25	0.25	0.13	5.45	2.76
V. Development of local industries.	4.65	1.50	1.76	1.78	0.94	0.66	0.89	0.58	8.24	4.52
VI. Community production centres.	2.73	—	—	—	1.15	0.18	1.05	0.40	4.93	0.58
VII. Workshops of equipment.	0.33	—	1.35	1.40	0.18	0.16	0.14	0.01	2.00	1.57
VIII. Workshops ..	—	—	1.60	2.00	0.45	0.17	0.30	0.22	2.35	2.39
IX. Salaries etc. ..	1.72	—	5.07	—	8.17	—	6.36	—	21.32	—
X. Miscellaneous ..	—	—	0.15	0.25	0.30	0.28	—	—	0.45	0.53
TOTAL ..	17.27	7.20	17.29	18.52	22.27	15.94	23.89	25.36	80.72	67.02
										147.74

	Production of traditional Khadi				Production of Ambar Khadi			
	1956-57		1957-58		1958-59		1956-57	
	Sq. yds.	Rs.	Sq. yds.	Rs.	Sq. yds.	Rs.	Sq. yds.	Rs.
Group B								
1. Sevapuri	7,019	10,528	4,100	5,662	8,341	12,103	—	—
2. Pukhrayan	4,297	5,305	12,767	15,988	16,185	20,850	83	111
3. Kundarkhi	—	—	—	—	11,434	14,190	—	—
4. Singhpur-sani.	—	—	46,156	49,558	52,219	60,162	—	—
5. Gangeshri	—	—	—	—	47,940	63,252	—	—
6. Tajpur	—	—	26,468	43,044	25,736	43,356	—	—
7. Dohari-ghat.	16,896	18,575	16,896	N.A.	19,632	40,561	—	—
8. Kamla-nagar.	—	—	—	—	—	—	—	—
9. Sahason	1,885	2,796	5,944	7,527	8,145	14,929	251	369
10. Machharla	—	—	20,736	21,817	25,511	59,608	—	—
11. Karaundi	—	—	27,559	20,070	42,297	41,183	—	—
12. Khadgujar	—	—	18,050	19,500	52,257	81,370	—	—
13. Shaheed-gaon.	—	—	—	—	5,081	11,056	—	—
14. Majhagaon	—	—	—	—	94	159	—	—

	Production of traditional Khadi						Production of Ambar Khadi					
	1956-57			1957-58			1958-59			1956-57		
	Sq. yds.	Rs.		Sq. yds.	Rs.		Sq. yds.	Rs.		Sq. yds.	Rs.	
15. Khadsali	18,254	32,600		22,627	44,690		14,567	24,274		—	—	
16. Vedechi	23,341	39,911		10,061	12,540		19,044	38,088		6,985	13,970	
17. Shahpur	12,699	19,500		6,249	11,985		26,473	48,588		4,300	8,600	
18. Ratwara	—	—		2,653	3,674		7,583	12,184		—	—	
19. Sanwad	11,488	13,346		14,838	20,071		27,211	3,672		—	—	
20. Khimel..	—	—		10,535	12,870		4,252	7,260		—	—	
21. Rajasmond	—	—		—	—		2,054	2,930		—	—	
TOTAL B ..	95,879	1,42,561		2,45,639	3,25,081		4,16,056	5,99,775		11,619	23,050	
TOTAL of Group C.	1,26,968	1,94,285		2,39,742	3,69,068		1,82,958	3,06,276		34,334	50,905	
GR ND TOTAL	3,63,454	5,41,222		7,95,032	11,06,990		8,54,306	12,96,866		8,946	13,914	
										21,598	38,608	
										82,792	1,29,389	
										3,15,021	5,62,911	

STATEMENT 46

Production and sale of Khadi in Intensive Areas
1957-58 and 1958-59

(Rupees)

Name of the Area	1957-58			1958-59			Total	
	Produc- tion	Sales	Sales as % of production	Produc- tion	Sales	Sales as % of production	Produc- tion	Sales as % of production
Group A								
1. Ajagara	68,344	62,079	91	81,436	62,145	76	1,49,780	1,24,224 83
2. Raniwan	58,024	44,676	77	82,150	85,945	105	1,40,174	1,30,621 94
3. Kamelpur	99,388	22,119	22	68,106	52,241	77	1,67,494	74,360 44
4. Deengra	1,13,356	24,386	22	42,089	49,320	117	1,55,445	73,706 48
5. Rambaba	—	—	—	19,926	16,884	85	19,926	16,884 85
6. Bhittee	—	—	—	24,547	7,099	29	24,547	7,099 29
7. Sagatala	851	621	73	4,236	6,761	160	5,087	7,382 145
8. Murud	14,689	6,850	47	50,068	10,365	21	64,757	17,215 27
9. Jalia	69,948	46,085	66	94,246	86,281	92	1,64,194	1,32,366 80
10. Dhanaura	27,139	3,227	12	1,50,976	35,284	23	1,78,115	38,511 22
TOTAL	4,51,739	2,10,043	46	6,17,780	4,12,325	67	10,69,519	6,22,368 58

Name of the Area	1957-58				1958-59				Total	
	Production	Sales	Sales as % of production		Production	Sales	Sales as % of production		Sales	Production
17. Ratwara	3,674	6,080	165		12,184	16,883	139		22,963	15,858
18. Sanwad	20,863	7,871	38		9,747	34,594	355		42,465	30,610
19. Khimel	12,925	2,289	18		7,827	10,283	131		12,572	20,752
20. Rajasamond	—	—	—		2,930	2,777	95		2,777	2,930
TOTAL	3,54,671	2,09,425	59		7,62,572	4,71,478	62		6,80,903	11,17,243
TOTAL of Group C	4,08,654	1,80,612	44		4,27,896	3,52,703	82		5,33,315	8,36,550
GRAND TOTAL	12,15,064	6,00,080	49		18,08,248	12,36,501	68		18,36,586	30,23,312

STATEMENT 47

Traditional Khadi—staff at headquarters

Designation	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
1. Director	1	3	3	3	3	4
2. Sanchalak	—	—	—	2	3	3
3. Dy. Director	—	—	—	—	—	1
4. Assistant Director/Liaison Officer	—	—	1	—	—	2
5. Organizer	3	1	9	8	7	5
6. Assistant Organizer	—	—	3	4	1	1
7. Auditor	2	3	2	1	1	1
8. Others	35	31	167	175	231	237
TOTAL	41	38	185	193	246	254

STATEMENT 48

Traditional Khadi—field staff

Designation	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
1. Zonal Director	6	6	6	7	7	7
2. Dy. Zonal Director	1	1	2	2	5	5
3. Asstt. Director	—	—	—	—	—	10
4. Regional Organizer	—	—	—	—	1	3
5. Supervisor	6	12	18	24	31	26
6. Auditor	—	1	4	11	11	13
7. Others	12	31	66	93	155	244
TOTAL	25	51	96	137	210	308

STATEMENT 49

Ambar programme—staff at headquarters

Designation	1956-57	1957-58	1958-59
1. Director	3	3	3
2. Dy. Director	1	1	2
3. Asstt. Director/Liaison Officer	6	7	7
4. Dy. Asstt. Director	—	2	2
5. Others	73	69	77
TOTAL ..	83	82	91

STATEMENT 50

Ambar programme—field staff

Designation	1956-57	1957-58	1958-59
1. Inspector	25	57	83
2. Supervisor	—	16	44
3. Weaving Guide	—	9	7
4. Regional Organizer	—	—	11
5. Asstt. Inspector	45	61	150
6. Demonstrator	—	—	1
7. Others	3	30	31
TOTAL ..	73	173	327

STATEMENT 51

Pay scales of the Commission, State Board, State Government and Registered Institutions

State	Designation	Commission		State Board/Government	Regd. Institutions
		Zonal Office	Intensive Area		
Andhra	Director	500 (Consolidated)	350—25—500	—	—
	Dy. Director	—	—	—	—
	Asstt. Director 1	350—25—500	—	—	—
	Asstt. Director 2	275—25—500	—	—	—
	Secretary	—	—	250—25—500	200—400
	Asstt. Secretary	—	—	—	—
	Organizer (V.I.)	—	—	—	—
	Organizer (Regional)	250—15—400	—	200—300	—
	Chief Accountant	—	—	170—320	—
	Area Organizer	160—10—330	—	160—10—330	—
Assam	Asstt. Organizer	—	100—8—300	—	—
	Asst. Technical Manager	160—10—330	—	—	—
	Manager Production Centre	—	—	—	—
	U.D.C.	80—5—120—EB—	—	80—3—125	250 (Consolidated)
		8—200—10/2—	—	—	—
		220 & CGA.	—	—	—
	Stenographer	—	—	—	—
	Clerk III Grade	—	—	45—3—90 &	—
	L.D.C.	—	—	35 (S.P.)	—
		60—3—81—LB—	—	50—2½—105	—
Assam		4—125—5—130	—	45—3—90	—
		& CGA.	—	—	—
	Peon	30—½—35 & CGA	—	—	—
	Chowkidar	—	—	18—½—25	—
	Driver	—	—	45 (Consolidated)	—
		—	—	35—50	—
	Headquarters:	—	—	—	—
	Asstt. Secretary	—	—	—	—
	Organizer	—	—	250—750	—
	Asstt. Organizer	—	—	100—7½—250	—
		—	—	75—6—175	—

Zonal Director is common to Assam Bengal and Orissa (see Orissa)

State	Designation	Commission		State Board/Government	Regd. Institutions
		Zonal Office	Intensive Area		
Assam (contd.)	Manager	—	—	100—250	—
	Manager (Sales Depots)	—	—	75—3—125	—
	Helper	—	—	40—1—60	—
	Salesman	—	—	40—2100	—
	Accounts Officer	—	—	250—750	—
	Superintendent	—	—	300—450	—
	Head Assistant	—	—	250—325	—
	Auditor	—	—	175—10—300	—
	U. P. Assistant	—	—	175—10—275	—
	Lower Division Asstt.	—	—	75—6—175	—
	Cashier	—	—	150—7½—250	—
	Stenographer	—	—	125—7—250	—
	Record Keeper	—	—	75—6—175	—
	Typist	—	—	60—4—125	—
	Daftary	—	—	35—1—45	—
	Peon	—	—	28—1—40	—
	Mistry (S. Karyalayal)	—	—	90—4—150	—
	Instructor	—	—	60—2—100	—
	<i>Subordinate Staff</i>				
	Development Officer	—	—	200—20—600	—
	Marketing Organizer	—	—	175—15—450	—
	Publicity Officer	—	—	250—15—400	—
	Statistical Asstt.	—	—	160—10—330	—
	Typist	—	—	60—4—125	—
	Storekeeper	—	—	150—10—300	—
	Head Assistant	—	—	175—10—250	—
	U. D. Assistant	—	—	125—7½—175	—
	(Marketing)	—	—	28—1—40	—
	Peon	—	—	870— Sp. Pay 100 & allowances & uniform pay Rs. 100 excluding T.A.	—
Bihar	Chief Executive Officer	—	—		

State	Designation	Commission		State Board/Government	Regd. Institutions
		Zonal Office	Intensive Area		
Bihar (contd.)	Dy. C. E. O.	—	—	500 + Sp. pay 100 & allowances.	—
	Dy. Director	200-400	—	—	—
	Asstt. Director	350-800	—	—	—
	Development Officer	—	—	200-450	—
	Development Officer (Engg.)	—	—	150-350	—
	Development Officer (Khadi Marketing).	—	—	200-450	—
	Accounts Officer	—	—	—	—
	Office Supdt.	—	—	200-450	—
	Accountant	—	—	200-350	—
	U. D. Assistant	—	—	120-200	—
	Auditor	80-5-120-EB-8-200-10/2-220 & CGA.	—	—	—
	P. A. to Chairman	—	—	150-350	—
	Stenographer	—	—	100-190	—
Bombay	L. D. Assistant	—	—	100-190	—
	Cashier	—	—	75-140	—
	Clerks & Typists	—	—	80-120	—
	Driver	—	—	50-90	—
	Peon	—	—	45-75	—
	Director	30-1-35 & CGA.	—	22-1-27½	—
	Asstt. Director	500 (Consolidated)	—	—	—
	Organizer (Prodn)	350-800	—	—	—
	Asstt. Organizer (Wool)	100-10-300	—	—	—
	Textile Improvement Officer	160-10-330	—	—	—
	Cotton Experiment Officer	100-8-140-EB-10-300 & C.G.A.	—	—	—
	Accountant	100-8-140-EB-10-300 & C.G.A.	—	—	—
	Organizer (Sales)	80-5-120-EB-8-200 and C.G.A.	—	—	—
	Khadi Stock Officer	100-8-140-EB-10-300 & C.G.A.	—	—	—

State	Designation	Commission		State Board/Government	Regd. Institutions
		Zonal Office	Intensive Area		
Bombay (contd.)	Head Clerk Auditor	160—10—330 & C.G.A. 60—130 with Sp. pay and C.G.A.	—	—	—
	Assistant Accountant	60—130 & C.G.A.	—	—	—
	Instructor	80—5—120—EB—8—200— 10/2—220.	—	—	—
	Asst. Inspector	60—3—81—130 plus C.G.A.	—	—	—
	Steno-typist	60—130—20 Sp. pay and C.G.A.	—	—	—
	Chowkidar	30—1—35 & C.G.A.	—	—	—
	Peons	30—1—35 & C.G.A.	—	—	—
	Supervisors	—	—	55—3—85—EB—4— 125—5—150.	—
	Inspectors	—	—	100—8—140—EB—10 —200.	—
	Pracharaka	—	—	35—3—65—EB—5—90	—
	Organizer	—	—	125—200	—
Saurashtra	Asstt. Organizer	—	—	100—150	—
	Inspector	—	—	80—130	—
	Sr. Clerk	—	—	75—120	—
	Jr. Clerk	—	—	40—70	—
		—	—	—	—
Madhya Pradesh	Dy. Director	200—400	—	—	—
	Organizer (Prod'n.)	100—10—300	—	—	—
	Organizer (Khadi)	—	—	250—20—450	—
	Asstt. Organizer (Khadi)	—	—	150—10—250	—
	Khadi Expert	—	—	250—10—450	—
	Ambar Expert	—	—	100—5—150	—
	Manager (Production Centre)	—	—	100—5—150	—
	Asstt. Manager	—	—	75—5—125	—
	L.D.C.	60—3—81—EB—4—125—5 130 & C.G.A.	—	50—4—90	—
	Peon	—	—	25—1—35	—
	Supervisor	—	—	125—10—225	—

State	Designation	Commission		State Board Government	Regl. Institutions
		Zonal Office	Intensive Area		
Madhya Pradesh (contd.)	U.D.C.	80-5-120-EB-8-200-10/2-220	---	70-5-120	---
	Accountant	---	---	70-5-120	---
	<i>Saranjam Karyalayas :</i>				
	Manager	---	---	125-10-225	---
	Mistry	---	---	75-5-125	---
	Accountant	---	---	70-5-120	---
	Storekeeper	---	---	70-5-120	---
	Clerk	---	---	50-4-90	---
	Peon	30-1-35 & C. G. A.	---	25-1-35	---
	<i>Training :</i>				
	Instructor	---	---	90 (Consolidated)	---
	Instructor	---	---	85	---
	Instructor	---	---	80	---
	Mistry	---	---	100	---
	Ambar Sevak	---	---	150	---
Madras	Production Karyakarta	---	---	100	---
	Khadi Expert	---	---	---	250-10-450
	Manager	---	---	---	100-5-150
	Asstt. Manager	---	---	---	75-5-125
	Ambar Expert	---	---	---	100-5-150
	Inspecting Officer	---	---	---	150-10-250
	Workers	---	---	---	75-5-120
	Director	500 (Consolidated)	---	1000-50-1300	Salary scales range from Rs. 30 to Rs. 175 the maximum being payable to Manager of production centres. The lowest representatives pay of workers (exclusive of CLA & HRA).
	Dy. Director	---	---	600-100/2-1000	
	Asstt. Director	350-15-500-30-800	---	300-50/2-700-65	
	Organizer	100-10-300	---	---	
	Personal Asstt.	---	---	300-50/2-700-65	
	Accounts Officer	---	---	300-50/2-500-65	
	Propaganda Officer	---	---	230-30/2-410-58	
	Sr. Superintendent	---	---	190-10-240+58	
	Jr. Superintendent	---	---	140-5-190+50	
	Accountant	---	---	Do.	

State	Designation	Commission		State Board/Government	Regd. Institutions
		Zonal Office	Intensive Area		
Madras (contd.)	U.D.C.	80—5—120—EB—8—200— 10/2—220 + C.G.A.	—	80—125+41	—
	L.D.C. & Typist	60—3—81—EB—4—125— 5—130 + C.G.A.	—	45—90 + 39	—
	Attender	—	—	24—35+35	—
	Designer	—	—	80—110 + 41	—
	Khadi Organizer	—	—	500 (Consolidated)	150
Orissa ..	Admn. Officer	Zonal Director is common to Assam, Bengal and Orissa.		200—700	—
	Accountant			125—185	—
	Supervisor	—	—	120	60—100
	Manager (Production Centre)	—	—	50—90	100
	Instructor	—	—	70—130	—
	Mistry	—	—	105	—
	Workers	—	—	70 (Consolidated)	40
	Zonal Director	500	—	—	—
	Dy. Zonal Director	275—500	—	—	—
	U.D. Asstt.	—	—	70—100	—
	Rebate Clerk	—	—	50—90	—
	L.D.C.	—	—	45—65	—
	Storekeeper	—	—	—	—
	Director	500 (Consolidated)	—	—	—
Rajasthan ..	Asstt. Director	350—800	—	—	—
	Secretary	—	—	400	—
	Asstt. Secretary	—	—	200—400	—
	Organizer (Production)	100—10—300	—	—	—
	Accounts Officer	—	—	250—25—500	—
	Superintendent	—	—	150—10—220—300	—
	Accountant	—	—	Do.	—
	Marketing Officer	—	—	150—10—250—300	—
	Chief Organizer	—	—	Do.	—
	Stenographer	60—2—80—4—130—20 Sp. pay.	—	120—8—160—10—250	—
	Accounts Clerk	80—5—120—EB—8—200— 10/2—220.	—	80—5—120—200	—

State	Designation	Commission		State Board/Government	Regd. Institution:
		Zonal Office	Intensive Area		
Rajasthan (contd.)	Inspector-cum-Auditor ..	100-10-200-EB-300& C. L. A.	—	110-5-145-10-225	—
	Divisional Office :				
	Organizer ..	—	—	100-5-145-EB-10-225.	—
	Supervisor ..	—	—	80-5-120-5-175	—
	Saranjam Workshop :				
	Manager ..	—	—	200-10-280-EB-15-400.	—
	Asstt. Manager ..	—	—	110-5-145-EB-10-225.	—
	Mechanic ..	—	—	60-3-90	—
	Storekeeper ..	—	—	80-5-120-EB-8-160-200.	—
	Production Centre:				
	Manager ..	—	—	200-10-280-EB-15-400	—
	Asstt. Manager ..	—	—	110-5-145-EB-10-225	—
	Weaving Master ..	—	—	110-5-150-EB-10-250	—
	Yarn Purchaser ..	—	—	60-4-80-5-110-EB-130.	—
	Sales Emporium :				
	Manager ..	—	—	150-10-220-10-250-124-300.	—
	Head Salesman ..	—	—	80-5-120-EB-8-160-10-200.	—
	Asstt. Salesman ..	—	—	60-4-80-5-10-130	—
	Cashier and Storekeeper ..	—	—	80-5-120-200	—
	Shop Attendant ..	—	—	25-1-40	—
	Peon ..	30-4-35	—	—	—

State	Designation	Commission			State Board/Government	Regd. Institutions
		Zonal Office	Intensive Area			
Uttar Pradesh	Director	500 (Consolidated)	—	—	250—850	One of the Registered institutions
	Asstt. Director	(1) 350—25—500—30—800 (2) 275—25—500	—	—	—	Gandhi Ashram
	Supdt. (Prodn.)	—	—	—	200—300	Lucknow pays to Khadi workers
	Superintendent	—	—	—	80—240—30	according to qualifications varying from Rs. 23—50 as follows: High School, 25; Intermediate 28—30
	Divisional Supdt. of Ind.	—	—	—	200—450	Graduate, 35—40 Post Graduate 45—50.
	Khadi Specialist	—	—	—	120—300	
	Supervisor	—	—	—	65—120	
	Charkha Expert	—	—	—	85—150	
	Instructor	—	—	—	Do.	
	Jr. Instructor	—	—	—	65—120	
Punjab	Spinning Guide	100—8—140—EB—10—300	—	—	35—40	
	<i>Ambar Scheme :</i>	—	—	—	—	
	Technical Officer	—	—	—	200—450	
	Supdt. (Stores)	—	—	—	120—300	
	Asst. Supdt. (Prodn)	—	—	—	120—300	
	Spinning Supervisor	—	—	—	85—150	
	Noter and Drafter	—	—	—	80—240	
	Charkha Expert	—	—	—	85—150	
	Carpenter	—	—	—	65—120	
	Senior Guide	—	—	—	40—65	
	Zonal Director	200—25—300—EB—10—400—C.G.A.	—	—	—	
	Asstt. Director	350—25—500—30—800 C.G.A.	—	—	—	
	Accountant	200—15—400—C.G.A.	—	—	—	
	Head Clerk	160—10—330—C.G.A.	—	—	—	
	Organizer (Prod.)	100—10—200—10—300—C.G.A.	—	—	—	
	Organizer (Sales)	Do.	—	—	—	
	Statistician	Do.	—	—	—	

State	Designation	Commission			State Board Government	Regd. Institutions
		Zonal Office	Intensive Area			
Punjab (contd.)	U.D.C.	80-5-120-EB-8-200-10/2-220.	—	—	—	—
	Inspector	100-10-200-EB-10-300	—	—	—	—
	L.D.C.	60-3-81-EB-4-125	—	—	—	—
		5-130.	—	—	—	—
West Bengal	Zonal Director	200-25-300-EB-10-400- C.G.A.	—	—	—	—
	Asstt. Director	350-25-500-30-800- C.G.A.	—	—	—	—
	Head Clerk	160-10-330- C.G.A.	—	—	—	—
	Production Organizer	100-10-200-EB-10-300.	—	—	—	—
	U.D.C. (A/Cs)	80-5-120-EB-8-200-10/2-220.	—	—	—	—
	Inspector	100-10-200-EB-10-300- C.G.A.	—	—	—	—
	Auditor	Do.	—	—	—	—
	L.D.C.	60-3-81-EB-4-125-5-130- C.G.A.	—	—	—	—

N. B.—The Pay scales for the Intensive Areas are the same irrespective of the State.

STATEMENT 53

Classified state-wise expenditure

				(Rs. lakhs)			
State				Develop- ment	Invest- ment	Commer- cial	Total
1.	Andhra	..	..	104·76	46·93	86·16	237·85
2.	Assam	..	..	9·32	0·92	6·67	16·91
3.	Bihar	..	..	179·37	100·34	270·88	550·59
4.	Bombay	..	..	372·65	29·19	181·07	582·91
5.	Delhi	..	..	34·47	3·68	12·05	50·20
6.	Jammu & Kashmir	..	..	4·31	0·71	1·69	6·71
7.	Kerala	..	..	23·83	7·86	23·65	55·34
8.	Madhya Pradesh	..	..	32·22	12·75	36·04	81·01
9.	Madras	..	..	84·57	22·08	81·74	188·39
10.	Mysore	..	..	72·75	16·18	56·74	145·67
11.	Orissa	..	..	23·69	13·49	19·05	56·23
12.	Punjab	..	..	190·44	26·24	156·05	372·73
13.	Rajasthan	..	..	91·14	32·97	159·04	283·15
14.	Uttar Pradesh	..	..	322·95	82·72	323·75	729·42
15.	West Bengal	..	..	43·63	12·65	39·45	95·73
16.	Himachal Pradesh	..	..	0·91	-	-	0·91
17.	Tripura	..	..	0·08	-	0·09	0·17
				ab	cd		ace
GRAND TOTAL				1,591·42	408·87	1,454·12	3,454·41

a. Break-up is not available for Rs. 0·33 lakhs recovered from institutions due to excess payments in the previous years.

b. Includes Rs. 0·05 lakhs refunded in 1958-59.

c. Includes Rs. 0·16 lakhs for Ambars for Afghanistan.

d. Includes Rs. 0·60 lakhs refunded in 1958-59.

e. Includes Rs. 0·65 lakhs refunded in 1958-59.

STATEMENT 54

Traditional Khadi programme (Ratios)

1. Total Investment up to 1957-58:		
(i) Cost of 8,586 charkhas @ Rs. 4 per charkha	Rs.	34.34 lakhs.
(ii) Cost of 65,200 looms @ Rs. 250 per loom	Rs.	163.00 lakhs.
	TOTAL - I	Rs. 197.34 lakhs.
2. Gross output during 1958-59	Rs.	955.05 lakhs.
3. Net value of output (on deduction of 20 per cent towards raw materials)	Rs.	764.04 lakhs.
4. Ratio : Investment:Output		1:3.87
5. Employment (part-time)		9.69 lakhs.
6. Employment (full-time)		1.98 lakhs.
7. Ratio : Investment:Employment (full-time)	Rs.	99.67:1

STATEMENT 55

Ambar programme (Ratios)

1. Total Investment upto 1957-58:		
(i) Cost of 1,44,591 Ambars @ Rs.120 per Ambar	Rs.	173.51 lakhs.
(ii) Cost of 1928 Dhunai modhias @ Rs.150 per Dhunai modhia	Rs.	2.89 lakhs.
(iii) Cost of 9216 looms @ Rs.250 per loom	Rs.	23.04 lakhs.
(iv) Other Investment on construction of godowns, production centres, finishing centres. (etc.)	Rs.	38.75 lakhs.
	TOTAL-I	Rs. 238.19 lakhs.
2. Production of yarn during the year 1958-59		38.40 lakh. lbs.
3. Estimated production of cloth @ 3.6 sq. yds. to a lb.		138.24 lakh. sq. yds.
4. Estimated gross value of output @ Rs. 1.75 per sq. yd.	Rs.	241.92 lakhs.
5. Net value of output (on deduction of 20 per cent towards raw materials)	Rs.	193.54 lakhs.
6. Ratio : Investment: Output		1:0.81
7. Employment (part-time)		1.68 lakhs.
8. Employment (full time)		0.51 lakhs.
9. Ratio : Investment: Employment (full-time)	Rs.	467.0:1

STATEMENT 56

Ambar programme (Ratios)

1. Estimated total investment upto 1957-58 :	
(i) Cost of 1,44,591 Ambars @ Rs.90 per Ambar	Rs. 130·13 lakhs.
(ii) Cost of 1,928 Dhunai modhias @ Rs. 150 per Dhunai modhia	Rs. 2·89 lakhs.
(iii) Cost of 34,701 looms @ Rs.250 per loom	Rs. 86·75 lakhs.
(iv) Other investment (construction of godowns, production centres, finishing centres etc).	Rs. 38·75 lakhs.
	TOTAL—1 Rs. 258·52 lakhs.
2. Estimated production of yarn @ 6 hanks a day for 300 days (18's)	144·59 lakh lbs.
3. Estimated production of cloth @ 3·6 sq. yds to a lb.	520·52 lakh sq. yds.
4. Estimated gross value of output @ Rs. 1·75 per sq. yd.	Rs. 910·91 lakhs.
5. Estimated net value of output (on deduction of 20 per cent . . towards raw materials).	Rs. 728·73 lakhs.
6. Ratio : Investment: output	1:2·82
7. Employment (Full-time)	1·94 lakhs.
8. Ratio : Investment: Employment	Rs. 133·25:1

STATEMENT 57

Ambar programme (Ratios)

1. Estimated total investment upto 1957-58 :	
(i) Cost of 1,44,591 Ambars @ Rs.90 per Ambar	Rs. 130·13 lakhs.
(ii) Cost of 1,928 Dhunai modhias @ Rs. 150 per Dhunai modhia	Rs. 2·89 lakhs.
(iii) Cost of 46,257 looms @ Rs.250 per loom	Rs. 115·64 lakhs.
(iv) Other investment (construction of godowns, production centres, finishing centres, etc).	Rs. 38·75 lakhs.
	TOTAL—1 Rs. 287·41 lakhs.
2. Estimated production of yarn @ 8 hanks a day for 300 days (18's)	192·74 lakh lbs.
3. Estimated production of cloth @ 3·6 sq. yds to a lb.	693·86 lakh sq. yds.
4. Estimated gross value of output @ Rs.1·75 per sq. yd.	Rs. 1,214·26 lakhs.
5. Estimated net value of output (on deduction of 20 per cent . . towards raw materials).	Rs. 971·41 lakhs.
6. Ratio : Investment: Output	1:3·38
7. Employment (full-time)	2·05 lakhs.
8. Ratio : Investment: Employment	Rs. 140·2:1

STATEMENT 58

Traditional Khadi programme (Ratios)

1. Total investment up to 1957-58 :		
(i) Cost of 8,586 lakh charkhas @ Rs. 4 per charkha	..	Rs. 34.34 lakhs.
(ii) Cost of 65,200 looms @ Rs. 250 per loom	.. ..	Rs. 163.00 lakhs.
	TOTAL-- 1	Rs. 197.34 lakhs.
2. Working Capital (actual)		Rs. 699.63 lakhs.
	Total --1 + 2	Rs. 896.97 lakhs.
3. Net value of output (on deduction of 20 per cent towards raw materials)		Rs. 764.04 lakhs.
4. Ratio : Investment: Output		1:0.85
5. Employment (full-time)		1.98 lakhs.
6. Ratio : Investment: Employment		Rs. 453.0:1

STATEMENT 59

Ambar programme (Ratios)

1. Total investment up to 1957-58 :		
(i) Cost of 1,44,591 Ambars @ Rs.120 per Ambar	..	Rs. 173.51 lakhs.
(ii) Cost of 1,928 Dhunai Modhias @ Rs. 150 per Dhunai Modhia	..	Rs. 2.89 lakhs.
(iii) Cost of 9,216 looms @ Rs. 250 per loom	.. ..	Rs. 23.04 lakhs.
(iv) Other investment (on construction of godowns, production centres, finishing centres etc.).	..	Rs. 38.75 lakhs.
	TOTAL-- 1	Rs. 238.19 lakhs.
2. Working Capital (Actual)		Rs. 256.13 lakhs.
	Total--1 + 2	Rs. 494.32 lakhs.
3. Net value of output (on deduction of 20 per cent towards raw materials)		Rs. 193.54 lakhs.
4. Ratio : Investment: Output		1:0.39
5. Employment (full-time)		0.51 lakhs.
6. Ratio : Investment: Employment		Rs. 969.3:1

STATEMENT 60
Khadi programme (Ratios)

1. Actual development expenditure during the year 1957-58 :			
(i) Traditional Khadi	.. .. .	Rs.	239·73 lakhs.
(ii) Ambar Khadi	.. .. .	Rs.	219·82 lakhs.
TOTAL (i) + (ii)			Rs. 459·55 lakhs.
2. Estimated working capital requirements during the year 1958-59			
(a) for cotton purchase @ 20% of the gross value of production:			
(i) Traditional Khadi	.. .. .	Rs.	191·01 lakhs.
(ii) Ambar Khadi	.. .. .	Rs.	48·38 lakhs.
TOTAL (i) + (ii)			Rs. 239·39 lakhs.
(b) for production and sale @ 70% of the gross value of production :—			
(i) Traditional Khadi	.. .. .	Rs.	668·54 lakhs.
(ii) Ambar Khadi	.. .. .	Rs.	169·34 lakhs.
TOTAL (i) + (ii)			Rs. 837·88 lakhs.
TOTAL (a) + (b)			Rs. 1,077·27 lakhs.
3. Expenditure on administration during the year 1958-59			Rs. 74·68 lakhs.
Total (1+2+3)			Rs. 1,611·50 lakhs.
4. Net expenditure on deduction of Rs. 224·43 lakhs for rebates @ 18·75 percent of the gross value of total production.			Rs. 1,387·07 lakhs.
5. Net value of output (on deduction of 20% towards raw materials):—			
(i) Traditional Khadi	.. .. .	Rs.	764·04 lakhs.
(ii) Ambar Khadi	.. .. .	Rs.	193·54 lakhs.
TOTAL (i) + (ii)			Rs. 957·58 lakhs.
6. Total full-time employment—			
(i) Traditional Khadi	..		1·98 lakhs.
(ii) Ambar Khadi	..		0·51 lakhs.
TOTAL (i) + (ii)			2·49 lakhs.
7. Ratio : Outlay: Output			1:0·69
8. Ratio : Outlay: Employment			Rs. 557·1:1

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STATEMENT 61

Budget pr.

Subject	Year
(1)	(2)
Traditional Khadi	1953-54
	1954-55
	1955-56
	1956-57
	1957-58
	1958-59
TOTAL I	.. .. .
I. Ambar	1956-57
	1957-58
	1958-59
TOTAL II	.. .. .
TOTAL I + II	.. .. .

*Sanctions issued before the revision of the original Estimates of requirements of funds were on the

Year
1957-58
1958-59
1959-60

354.54093

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